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Japan

Press Roundup on U.S. Presidential Elections

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[Editorial Report] Tokyo NIHON KEIZAI SHIMBUN in Japanese, in its 25 October morning issue, carries a 200-word "Search" column on the newsworthiness of the U.S. presidential election. The column says that, "as of 21 October, Japanese papers have already carried 871 articles" on the 1992 election, and that, in comparison with the last two elections, the Japanese press is showing much greater interest in the ongoing election. The following is a representative sampling of Japanese press reporting and comment on the U.S. presidential election campaign in a seven-day period between 20 to 26 October.

Tokyo NIHON KEIZAI SHIMBUN in Japanese

The 21 October morning edition on page 3 carries three reports on results of the television debates among the three U.S. presidential candidates.

Reporter Kawai in Michigan discusses U.S. polls showing Clinton's lead after the series of television debates, and notes Bush is a "hanging on by a thread." NIHON KEIZAI SHIMBUN Washington Bureau Chief Takeyuki Kumamura reports on the reasons for the uphill campaign of Bush. He says that Bush's slump is because he is "puffed up with the victory in the Gulf war and took no effective actions to regenerate the economy," reviewing election campaigns so far.

Meanwhile, reporter Komago in Washington notes that public attention has been already shifted from the election to the so-called "Clintonomics"—Clinton's economic policy after his inauguration. He introduces Clintonomics as "investment-oriented economic policy," but notes that long-term interest rates are rising in the U.S. market in fear of larger fiscal deficits. After introducing the principle members of Clinton's brain trust in economic policy, Komago notes that they are not completely in accord concerning an active fiscal policy. He concludes that the real merit of Clintonomics is still unknown.

On the election campaign in the final stage after the television debates, the paper also carries a two-part series of articles in the 24 and 25 October morning issues. Part one—1,700 words, on page 6—discusses the Clinton campaign's aim to achieve a landslide victory, while part two—1,000 words, on page 5—sees Bush as having no more trump cards to win the game.

Concerning the connection between trends of the U.S. economy and the presidential race, the 20 October issue morning edition on page 9 carries a report by reporter Matsui in Washington who notes a slowdown of recovery of the U.S. economy due to a slump in exports. Matsui says the export slowdown is seriously affecting Bush's election campaign.

In connection with this, Kensuke Koga, chairman of Nisshin Steel Company Limited, in "Swivel Chair" column carried on page 11 of the 22 October morning issue, notes that his American business partners are swiftly leaving from Republicans, saying that, "while the U.S. steel companies have traditionally been pro-Republican, it seems they are changing drastically." But he cooly says that "drastic changes in the U.S. trade policy is unlikely even under the Democrate government."

The 25 October morning issue carries an 800-word report on reporter Haruhara's interview with Mr. Bruce Leed, an influential member of Clinton's brain trust. In the interview, Leed discloses the Democrats' plan to reenact the so-called Super 301 clause if Clinton wins the presidency.

Tokyo YOMIURI SHIMBUN in Japanese

The "YEN—Yomiuri Economic News" page of the YOMIURI SHIMBUN 26 October morning issue on page 16 focuses on personality of candidate Bill Clinton.

A 1,200-word report by Washington correspondent Yoshikuni Sugiyama previews possible changes in U.S. policy toward Japan under a Clinton administration. At first, Sugiyama introduces major points of "Clintonomics," which seeks "rehabilitation of U.S. competitive power" through fiscal investments of $50 billion per year. He then discusses whether Clinton would take a cooperative or hard-line stance toward Japan, noting who he nominated as the new U.S. trade representative would be an indicator of the stance Clinton would take.

Concerning results of the television debates, the 21 October morning issue carries a 1,100-word report by reporter Yamaguchi who notes the gap between Bush's stance and demands of the U.S. public.

Editorial on Elections

OW0111014192 Tokyo TOKYO SHIMBUN in Japanese 28 Oct 92 Morning Edition p 4—FOR OFFICIAL USE ONLY

[Editorial: "Why Has the U.S. Election Not Focused on Japan?"]

[Text] Only a week is left before the U.S. presidential election. This will be the first election since the end of the cold war. Although "Japan as an issue" has not been discussed yet in the presidential race, it is still too early for Japan to feel relieved. There are still factors that could strain relations between Japan and the United States.

Looking around the United States, we cannot help but notice that the presidential race has emphasized such domestic issues as employment, economic development, taxes, crime, and education, and that the candidates' debates on foreign affairs have been dull.

When we visited dinner parties—which typical American families hold with their neighbors to enjoy conversation—we found the election talk focused on the domestic economy, concentrating on "which candidate will make our lives most comfortable."

A Republican supporter said: "We pay enough in taxes, including income tax and real estate, and we do not want any more. We prefer small government." A Democrat replied: "What we pay will be refunded in another form. Whatever we do, tax is necessary. It is unreasonable to call only for expenditure." Another said: "Perot has appealed on financial issues. His financial policy is to prepare the way for our children. We need to choose the president who has the support of the voters, not the two influential political parties."

Someone else said: "No plans can be carried out if the President fails to get the support of Congress."

Such exchanges of opinion are typical of election debates among Americans at the grass root level.

Japan has not yet become a contentious issue in the election, partly because most American people have come to realize that the sluggish U.S. economy which has seen living standards drop "is the fault of the United States itself."

However, underlying the U.S. intention to restore its economy by itself is the irritation that "it is a waste of time to expect Japan's assistance." This irritation cannot be ignored.

Also, following the collapse of the cold war structure, the United States is wary that "Japan might take the place of the former Soviet Union as a competitor." There is a strong possibility that such wariness will spread. Looking through popular anti-Japanese novels, we find preconceived and prejudiced views are expressed as facts. This is also a dangerous trend.

The prevailing view in the United States is that the Structural Impediments Initiative talks, held to narrow differences in economic systems and business practice between Japan and the United States, have almost ended in failure. There is also the possibility that if the multilateral trade talks (Uruguay Round) of GATT should end in failure, Japan—which has taken a stubborn stand on the rice issue—will take the blame.

It is expected within the House of Representatives that younger members will assume important posts and that a drastic personnel reshuffle will be made, which will include positions on various committees. It is hard to predict, when they lack diplomatic experience, what actions such representatives will take in response to people's expectations.

Japan probably hopes that the first President elected since the end of the cold war will strengthen the "global partnership" between Japan and the United States and stabilize the international community. But there is the possibility the new President, as a result of concentrating on restoring the domestic economy, will turn to criticizing Japan over the trade imbalance. If this happens, Japan will be shocked by the unexpected criticism.

Although "the Japan issue" has not been discussed yet in the presidential race, Japan must keep the attention of the United States on the international community, even as the election race develops.

To encourage the United States to keep its attention on the international community, Japan could help the United States realize their global partnership by drafting its own a blueprint for the new international order or by showing its efforts to make the Uruguay Round of GATT talks a success. This is one idea. Another way would be the adoption of economic measures to ease various regulations and help the U.S. economy recover.

Prime Minister Miyazawa, immediately after the election, will have to send a message to the President-elect, whose new policy toward Japan may not be firm.

What kind of a message will he send as a friend who shares the same values of democracy and a free economy? He should be prepare for that.

Semiconductor Agreement With U.S. To Expire

OW2810145092 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Oct 92 Evening Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Japan-U.S. agreement on semiconductors will expire in December. In connection with this, it is unlikely that Japan will be able to attain its goal of purchasing and increasing foreign-made semiconductors' market share to 20 percent in Japan, as specified in the agreement, because of decreased prices for semiconductors made by foreign nations, including the United States. Although Japanese users, such as personal computer manufacturers, have increased their purchase of foreign-made semiconductors, the market share of foreign-made semiconductors in terms of value has remained stagnant because of the drastic decrease in prices of foreign-made semiconductors, which have dropped to about 50 percent of last year's prices. In this connection, the Ministry of International Trade and Industry [MITI] is making all-out efforts to attain the goal by taking such measures as stepping up its guidance to users on purchasing foreign-made semiconductors.

The downward trend of retail prices of 32-bit microprocessor units (MPU, subminiature arithmetic processors)—which are used in the arithmetic units of personal computers—has accelerated since the beginning of October. The retail price has dropped by over 40 percent when compared with that of last year. In addition, the price of static random-access memory (S-RAM's, random access memory not requiring a battery backup to retain data) has decreased by over 50 percent when compared with that of last year.

Foreign makers have advantages in the field of MPU's and S-RAM's. However, because of intensified competition between American makers amid decreases in demand for MPU's and S-RAM's, the downward tendency of prices has accelerated. In the field of MPU's, Intel Corp. used to control the MPU market. However, because of inroads into the market by AMD [Advanced Micro Devices, Inc.] and Cyrix in the last year, and Texas Instruments (TI) last July, a price cutting race has intensified.

According to MITI's calculation, foreign-made semiconductors Japan purchased accounted for 17.9 percent of the market in the period from April to July. MITI said that "since the market share is calculated in terms of value, it is difficult to increase the share because of the drastic drop in prices." But MITI, at the same time, in an attempt to attain the 20-percent share goal, has started pushing major users to increase their share by giving some guidance, including the revision of purchase methods.

Miyashita Hints at Extending SDF in Cambodia

OW3010101092 Tokyo YOMIURI SHIMBUN in Japanese 28 Oct 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[By reporter Hirohiko Ide]

[Text] Takeo, 27 October—On the evening of 27 October, Defense Agency Director General Sohei Miyashita held a news conference at a base camp in Takeo where he was inspecting an engineering unit of the Ground Self-Defense Forces [GSDF] which was dispatched to participate in the UN peacekeeping operations (PKO) in Cambodia. Referring to the duration of dispatch for the Self-Defense Forces [SDF], which is said to expire by the end of October next year, the director general said: "We have to consider that while watching the moves of the UN Transitional Authority in Cambodia [UNTAC]." In this way, he suggested that the stationing of the SDF in Cambodia may be extended in the future.

As one reason for the possible extension of the SDF's deployment in Cambodia, Director General Miyashita said: "It is necessary to alertly watch the establishment of a new democratic government following the general elections slated for next May, and the development of the political situation in Cambodia. UNTAC may have to remain in Cambodia for an additional period of three or four months following the general elections." Thus, he indicated UNTAC would probably remain in Cambodia even after next October.

On the inclusion of the SDF's PKO mission into Article 3 of the Self-Defense Forces Law as one of the principal duties of the SDF, Director General Miyashita said: "It is quite natural to consider using the SDF's organization and equipment on a global level when the people positively assess the SDF's accomplishments in Cambodia." In this way, he expressed the view that he intends to examine the inclusion while watching the public opinion. However, he stressed it may be too early to make such an inclusion, saying: "I intend to avoid making a hasty decision on the inclusion and to continue discussions on it as a future task."

Revision of SDF Law To Modify Role of PKO

OW3110085492 Tokyo MAINICHI SHIMBUN in Japanese 27 Oct 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[First in a series of articles entitled: "Blueprint for Becoming 'Major Power'—PKO in Cambodia"; co-written by reporters Shigeru Tsuchiya, Mikio Morishima, Hirohito Kosuge, Takshi Matsuki, Shinichiro Hori, and Masayasu Oishi: "International Contribution To Be Clarified as 'SDF Duty'"]

[Text] In Cambodia, Japan made its debut in full participation in UN peacekeeping operations (PKO). The government and the ruling Liberal Democratic Party [LDP] have already started making a blueprint for international contributions in the "post-Cambodia" period. What will their international contribution policy for changing Japan from an major economic power to a major political power be? The following is part one of a series of reports on trends in political and financial circles, which are trying to outgrow Japan's "one-nation pacifism."

The Defense Agency, which dispatched 600 Japanese troops to Cambodia, decided on 26 October to seek a revision of the Self-Defense Forces [SDF] Law Article 3 to clarify that overseas operations for international contributions are the "second primary duty" of the SDF. Following SDF Law Article 3, which defines the SDF's primary duty as national defense, the agency intends to add Section 2 to the article to refer to international roles. The agency views that the SDF's international contributions will become more important hereafter, while it cannot be placed on an equal footing with national defense. In accord with the decision on a future revision of the law, the Ground SDF [GSDF] is expected to open a PKO school in Asaka Base (in Tokyo) as a permanent facility for training GSDF staff. Details of the revision bill will be provided after the GSDF completes its operations in Cambodia next summer.

When the PKO cooperation bill was submitted to the Diet in September 1991, Atsushi Shima, (the then) GSDF chief of staff who leads 150,000 GSDF troops, urged top Defense Agency officials to upgrade PKO activities to the primary duty of the SDF.

On 16 October 1991, Chief of Staff Shima had an opportunity to visit Mt. Unzen volcano with Yukihiko Ikeda, (the then) director general of the Defense Agency. Taking this opportunity, Chief of Staff Shima asked about the PKO bill handling PKO operations in Article 100, Section 7 of the SDF Law, which defines the SDF's miscellaneous duties, such as participation in local sports-related events. Shima stressed: "It is very funny that a dangerous PKO role is treated as one of its miscellaneous duties." He then showed the SDF's water-purifier to Ikeda and noted the need to upgrade the treatment of the PKO's role in obtaining special equipment for PKO duties, saying: "This water-purifier is intended for use within Japan, and its sterilizing power is not strong enough for use in Cambodia. Water in Cambodia is not the same as that from the Tone River." As in rescue operations, the role of the PKO has not been regarded as a primary duty for the SDF as the national defense organization; however, these duties came up in conversation at the very moment when the breakup of Cold War antagonisms began to threaten the SDF's "survival."

The demand for making PKO roles a primary duty aroused hot debate behind the scenes, as some quarters opposed it because "upgrading PKO roles may downsize the SDF's defense functions." At that time, moves by senior GSDF officials were ironically stopped by pro-PKO Defense Agency officials, such as Director of the Secretariat Hiyoshi and Defense Policy Bureau Chief Hatakeyama. Mr. Hiyoshi showed a negative view on the revision of Article 3 because it may make the enactment of the PKO cooperation bill difficult by stimulating people who oppose the SDF's full-fledged operations overseas. He persuaded Chief of Staff Shima to regard the revision of Article 3 as a future goal, saying that "public opinion is not ready for a discussion of the revision."

A year has passed since the debate, and they have started moving toward the revision.

The revision of Article 3 will certainly arouse nationwide argument once again, because many people are still allergic to the SDF's operations overseas. As a pro-PKO party, the Komeito's security policy division advocated the revision for a topic at the party convention scheduled for this coming November; however, this was rejected by the party's Central Committee early this month. Policy Board Chairman Nobuaki Futami shows a prudent attitude toward the issue, saying: "International contributions are different from national defense in nature, and there still exists the possibility of creating a PKO organization separately from the SDF. If PKO roles are included in Article 3, it will restrict future Diet discussions of SDF policies."

What are possible future roles for the SDF with its 240,000 members? Is Japan going to step toward being a major political power which has military power as its foundation? Every citizen must think about these questions arising from the SDF dispatch to Cambodia.

Reports, Editorials on Emperor's China Visit

Background of Visit

OW2910143092 Tokyo BUNGEI SHUNJU in Japanese Oct 92 pp 104-118—FOR OFFICIAL USE ONLY

[Unattributed "special feature" article: "Riddle of the Decision on the Emperor's Visit to China"]

[Text] It was officially decided on 25 August that the emperor and the empress will visit China this fall.

Under the new postwar constitution, it is the responsibility of the cabinet to decide on a visit to a foreign country by the emperor, who symbolizes national unity. Therefore, it is natural that Prime Minister Miyazawa should bear the ultimate responsibility for a visit to China by the emperor this fall.

There have been many turns and twists before the decision on the forthcoming Emperor's visit to China was made. In the first place, the country to be visited is Communist China. The countries visited by the emperors three times in the past are, so to speak, friendly nations: Europe and the United States (visited by Showa Emperor); Southeast Asia (visited by the present emperor). In contrast with this, China is an undemocratic country that believes in communism even after the democratization of the Soviet Union and Eastern Europe, and still maintains dictatorship by one party. Before the formal decision was made, questions and misgivings had cropped up from various quarters, such as: Why does the emperor, who is the symbol of the nation, have to visit such a country?

Furthermore, there lies the past between Japan and China, the Japanese-Chinese war; the historical ill feeling between the two countries cannot be called minimal. Even though the emperor pays a visit to China, what attitude will he, who is not a political entity, show to a past period between Japan and China? Misgivings concerning what is called "emperor's words" have been expressed from various quarters.

Between Japan and the three areas visited in the past, there hardly was any trouble in the fields of politics and national feelings. In comparison with this, there are still exceptionally numerous problems and unpleasant feelings between Japan and China. For this reason, Prime Minister Miyazawa, who is responsible for the emperor's China visit, has stated as occasion demanded: "It is desirable that the emperor's China visit should take place with national consensus and with the blessing of the entire Japanese nation."

If Miyazawa and the government had made the formal decision, as they claimed, after repeated efforts for the formation of a national consensus, and under the objective circumstances where national consensus could be judged to have nearly been reached, then their political posture would have been justifiable, the question of the propriety of the emperor's China visit aside.

This is contrary to the fact, however.

In reality, what Miyazawa calls "national consensus" can hardly be said to have been reached in the process leading to the formal decision on 25 August. The government has yet to dispel questions and misgivings which have cropped up from the beginning about the emperor's China visit, nor has the government given any definite answers to questions harbored by the people.

I

In short, paying repeatedly only lip service to "national consensus" and "blessing of the entire nation," Miyazawa and the government have never tried to squarely pose the present issue to the people. Instead, they have hidden from the people the process leading to the decision, have busily engaged in makeshift maneuvering behind the scenes or in persuading opposing groups, and have decided on the emperor's China visit in a very unclear manner. As a natural consequence, there still remain fundamental questions as to the "purpose and significance of the emperor's visit," which is the foundation of national consensus, to say nothing of national consensus.

First of all, why is it that a visit to China this fall must be paid by the emperor and empress? What is wrong with visits by Prime Minister Miyazawa or government leaders?

Why is it that a visit to China must take place this fall? The government says that this is the 20th anniversary of the restoration of diplomatic relations, but what is wrong with the 25th or 30th anniversary?

Furthermore, the government says that the repeated invitations by China is a great factor in the decision on the China visit. Then, is it necessary for the emperor to visit any country when there are repeated invitations?

Such questions are still simmering in various quarters even now, although the decision has already been made. Moreover, to repeat what has already been said, the government and the Ministry of Foreign Affairs have never made any effort to persuade the people. When we applied to the Ministry of Foreign Affairs for data in order to compile this article, the ministry, for some reason, even refused to receive our application at first. Such exclusiveness and closed-door principle of the government and the Ministry of Foreign Affairs have aroused various doubts among the people, but they are still unaware of the facts.

In the following, we will discuss fully, in the order of sequence, the closed-door policy and the most strange behavior of the government and the Ministry of Foreign Affairs in reaching the decision on the forthcoming China visit, by going back to the time when this problem came to the surface.

Was Decision Actually Made in January?

It is said that in the past China extended seven invitations for the emperor to visit China. The first request was made in 1978 when the (then) Vice Premier Deng Xiaoping visited Japan. Later, whenever (then) General Secretary Hu Yaobang, (then) Premier Zhao Ziyang, and others visited Japan, China repeated its persistent invitations. In April of the first year of Heisei after the end of the Showa era, Premier Li Peng visited Japan and formally invited the present emperor to visit China.

As far as the emperor's forthcoming visit to China is concerned, a visit to China by (then) Prime Minister Toshiki Kaifu in August last year is said to have provided a direct momentum, however, to say nothing of the four invitations in the past. China brought forth "the 20th anniversary of the normalization of diplomatic relations" as a reason for the invitation to the emperor—a pretext for the emperor's China visit—both at the time of Kaifu's China visit and at the time of visit to Japan by Foreign Minister Qian Qichen, which had preceded Kaifu's China visit.

At a reception party in Beijng, Premier Li Peng made a strong request to Kaifu: "We sincerely hope that the emperor's China visit will be realized on the occasion of the 20th anniversary of the normalization of diplomatic relations." "We will continue to examine the matter," answered Kaifu from the standpoint of a prime minister.

This comment of Kaifu's placed the present emperor's China visit as a formal issue to be examined by the government. Marking "the 20th anniversary of the normalization of diplomatic relations" necessarily placed a time-limit on the emperor's China visit. The emperor's China visit became a live issue because of the prime minister's comment on the continuation of the examination of the issue in response to a formal invitation with a specific timeframe by China.

When the Miyazawa cabinet was inaugurated last October after Kaifu had stepped down, the government suddenly began to show a positive attitude toward China's request for the emperor's visit in the name of "the 20th anniversary of the normalization of diplomatic relations." Especially, the assumption of the office of a foreign minister by Michio Watanabe, an influential person in the Liberal Democratic Party, caused a rapid development of the China visit.

In the days of the Kaifu cabinet, Foreign Minister Taro Nakayama thought that since the emperor had just visited Southeast Asia in September, it was improper for a next foreign visit to be in Asia again. Therefore, it seemed that the Ministry of Foreign Affairs at first thought that the emperor's visit should be either to the United States or to Europe, which the Imperial Household Agency had preferred from way back.

Watanabe's intention was otherwise, however.

Immediately after his assumption of the office of foreign minister in November last year, Watanabe attended the third ministerial conference of the Asian Pacific Economic Cooperation (APEC) held in South Korea, and had a talk with Foreign Minister Qian Qichen of China. In response to Foreign Minister Qian's formal request for an examination of the emperor's China visit at the meeting, Watanabe answered that "the emperor's China visit is under examination," suggesting the government's earnest consideration of the issue.

Then, early in the New Year before two months had hardly elapsed since this meeting, Watanabe suddenly visited China. This visit to China by Watanabe was one whispered among political reporters to be "a meaningless, purposeless visit." There is a strong possibility that the purpose of his visit was to further the emperor's China visit. In fact, at the meeting held on 4 January between Watanabe and Qian, a deetailed discussion was held.

At the meeting, Foreign Minister Qian uttered the words "this fall" for the first time and clearly stated the definite date of the China visit.

To the strong request by Qian to the effect that "We sincerely welcome a visit to China by the emperor and empress on the occasion of the 20th anniversary of the normalization of diplomatic relations between China and Japan," Watanabe said "this issue will be earnestly examined in the government circles,"—an answer given in very positive terms diplomatically.

Yosuke Nakae, former ambassador to China, said: "The government repeated an encouraging answer whenever there was a request from China, saying 'The issue will be examined carefully.' This gives an impression to China that Japan has a positive attitude and the issue is finally on the road to realization. If a visit to China is undecided, it must be explained fully to the country. Watanabe visited China and made a forwardlooking comment: "The issue will be examined seriously." It can be said that the visit to China was virtually decided at this point in time.

Such is the interpretation of Yosuke Nakae. In short, at the time when Watanabe visited China in January, the Emperor's upcoming China visit was definitely decided. As a proof of that, the XINHUA NEWS AGENCY reported Watanabe's comment in the following words: "The matter will be examined positively." Watanabe must have been very positive even from China's point of view. In reality, at the time when Watanabe's China visit early in the New Year was decided in December last year, a fundamental agreement concerning the emperor's China visit had been reached between Miyazawa and Watanabe. Koichi Kato, chief cabinet secretary, caring about what Watanabe should say in China, actively engaged in adjustments with various related quarters. (According to a political reporter), "On 30 December last year the government decided to initiate a policy for a final adjustment aimed at the realization of the emperor's China visit this fall. As to the itinerary, in consideration of the Chinese Communist Party Congress, the approximate time for a visit was decided to be before and after September, when memorial events for the normalization are held."

There is no doubt that Watanabe went to Beijing with this decision.

The truth is that the phrase "national consensus" which was repeated by Miyazawa in the course of the decision on the emperor's China visit had been ignored from the beginning. Long before the problem of the emperor's China visit was taken up for discussion, the government had virtually decided on the visit and had given China a pledge for the visit. It can be said that for this reason the government and the Ministry of Foreign Affairs had to keep their movements secret. Against a gush of opposing views, the government and the Ministry of Foreign Affairs, which had already decided on the emperor's China visit informally, could not answer squarely. To repeat maneuvering behind the scenes at all events and somehow bring the issue to a formal decision—this was all they had in mind.

Is the Real Purpose "Settlement of Postwar Issues"?

Still, why did Watanabe, who originally had a dislike for China, show such an active movement? To begin with, Watanabe strongly opposed the normalization of diplomatic relations between Japan and China which took place 20 years ago. The following is a famous story: Being one of the central members of Seirankai which belongs to the Taiwan faction, Watanabe severely insulted to his face an official of the Asian Affairs Bureau, Ministry of Foreign Affairs, who urged the necessity of the normalization of diplomatic relations between Japan and China at the meeting of the General Council: "The Ministry of Foreign Affairs is impossible because it has such a man on its staff."

The following story is told about Watanabe's change of mind. (According to a political reporter), "when he was the director general of the Asian Affairs Bureau, Ministry of Foreign Affairs, Sakutaro Tanino, director general of Cabinet Councilors' Office on External Affairs, submitted to Foreign Minister Watanabe a report on the significance of the emperor's China visit at this time. The report was massive and was 50 centimeters in thickness. It is said that Watanabe has swung round in favor of the China visit by reading this report.

Watanabe, who is going after the presidency and is trying his hand at diplomacy which is said to have been his weak point, had to win a large score during his service as the foreign minister. In this sense, the emperor's China visit can be a great positive achievement for Watanabe. The proposal by Tanino, who is considered to be the principal axis of the Asia faction, has been a very timely one for Watanabe.

On the other hand, the emperor's China visit has been a pending problem for the Ministry of Foreign Affairs.

The thinking of the Ministry of Foreign Affairs is to finish the postwar settlement with China as early as possible and to develop independent diplomacy as a political superpower with a background of its economic power. Foreign Ministry officials think that in the world after the cold war, when the Soviet Union has collapsed and the United States is withdrawing from Asia, only Japan can fill the vacuum in Asia. For this purpose, Japan needs, first of all, to mend relations with China. To the criticism from the left and right wings that the emperor's China visit leads to the political use of the emperor, the Ministry of Foreign Affairs officially answers that the purpose of the emperor's China visit is only for "friendship"; but the real purpose seems to be "postwar settlement."

(According to a newspaper reporter), "sometime in March, when this problem began to be the topic of the conversation, I met a high-ranking official of the Ministry of Foreign Affairs at a party. To my question—if it is really necessary for the emperor to visit China—he answered without reserve: "That is right. If the emperor visits China, postwar settlement with China will be finished. After China comes South Korea. Japan's diplomacy will greet a new sphere of activity once the postwar settlement is over with respect to the most difficult countries in Asia."

Moreover, the logic of the Ministry of Foreign Affairs has a great contradiction in itself not to mention the suspicion that the ministry is making a "political use" of the emperor. From the standpoint of treaties, which are the fundamentals of diplomacy, postwar settlement with China and South Korea is over through the Japan-South Korea Baic Treaty in 1965 and the Japan-China Peace and Friendship Treaty in 1978 respectively.

With respect to the Japan-China treaty, China at that time demanded reparations of $50 billion. In regard to this, a famous story is told about Director General Takashima, who at the expense of being called "a villain with legal expertise" by Chou Enlai, convinced China of the fact that the problem of reparations had already been settled between Japan and the Nationalist Government of China. In this respect, the so-called "postwar settlement," which is being contemplated by the Ministry of Foreign Affairs at present, constitutes an act of abandoning the consistency in diplomacy and an act of betrayal that will lead to negating the great achievements made by the predecessor officials.

Unknown Shooting Incidents around the Senkaku Islands

There have always been a number of diplomatic problems pending between Japan and China. Because of China's interference in the domestic affairs of Japan, the Japanese Government has often been forced to take difficult measures.

For example, there is a problem of textbooks. In 1982, the repeated criticism of Japan by the Chinese Government developed into a diplomatic problem. This was caused by an erroneous media report that the Ministry of Education, through its censorship of a high school history textbook, had made its writer substitute the word "advancement" for the word "invasion" concerning the conduct of the Japanese army during the war. It was Miyazawa who was the Chief Cabinet Secretary at the time of the affair. Although the report was incorrect, Miyazawa took a low posture toward China and was criticized later for his vacillation, together with the Japanese media which angered China.

Again in 1986, China criticized the contents of the "Japanese History Newly Edited," a high school textbook, causing a change in the descriptions which had already passed the censorship.

An official visit to a shrine by a prime minister is also a case in point. On the anniversary of the end of the war in 1985, (then) Prime Minister Yasuhiro Nakasone and 19 cabinet ministers paid an official visit to the Yasukuni Shrine. China opposed the visit; as a result, no prime ministers have paid an official visit since the following year.

Of late, the problem of reparations for civilian damages during World War II is brewing within China. The people's congress of Chongqing sent a bill to the National People's Congress demanding 24 trillion yen in reparations from Japan. In response to this, the Chinese Government has expressed the view that although the problem of reparations between the two countries was settled when the Japanese-Chinese Peace Treaty was concluded, the civilian reparations can be demanded from Japan.

Furthermore, there is a problem of the Senkaku Islands. Last February China promulgated a law concerning its territorial waters. The law specifies that the Senkaku Islands, whose jurisdiction is under dispute between Japan and China, have always been the territory of China. The problem, which has been shelved by mutual agreement of both countries, has suddenly been made an acute problem by the present-day China.

Since last year, Japanese fishing boats have often been fired upon or chased by vessels of unknown nationality in the sea waters around the Senkaku Islands, which may be linked with such a firm attitude of China. In December last year, "the Henry Hudson Bridge," a freight vessel owned by Kawasaki Kisen Kaisha, Limited, was fired upon by a Chinese government vessel.

The accident occurred at about 9:30 AM on 6 December last year. "The Henry Hudson Bridge," which was on its way to Kaohsiung, Taiwan, after leaving Pusan, was chased for an hour by a Chinese government vessel flying a red flag with five stars, and was fired upon by rifles. No damage was done to the crew and the ship. However, according to the captain of the freighter, more than 30 crewmembers were on board the Chinese vessel, wearing green clothes similar to military uniform; some of them wore red shoulder straps and were carrying small arms, such as rifles.

When an inquiry was made to China after the incident, the Chinese authorities replied to the Japanese Embassy on 10 December: "The Chinese government vessel fired by mistake." Of the frequent shooting incidents, this is the first time that China officially admitted the fact.

Speaking of 10 December, it was the day when Watanabe's China visit was decided, and it was also the day immediately before the emperor's China visit was to be decided unofficially within the government. Despite the serious incident in which our country's ship was fired upon by what seemed like a Chinese warship and our countrymen's lives were in danger, the government and the Ministry of Foreign Affairs were making a desparate effort for the realization of the emperor's China visit, in utter disregard of the fact. If this is independent diplomacy the Ministry of Foreign Affairs is aiming for, we are quite at a loss what to say.

(According to Higashio Tobari, professor at Sanno College): "Anyway I, too, was disgusted at the weak stance of Japan's diplomacy when I was a special correspondent. When Japanese politicians visit China, they all become spokesmen for Teng Xiaoping. China regards the governing body of Japan as a mere messenger. To take a good example, China invited former Prime Minister Kakuei Tanaka the moment the emperor's China visit was decided. Where on earth is a country that shamelessly permits the departure of a man from his country who was found guilty, even if he was invited by China? When Bush visited China, he tried to invite Dr. Fang Lizhi, a dissident, to a party; this infuriated China, leading to the cancellation of the invitation. What China did to Japan is the same thing as this. I think that the emperor's China visit should have been canceled at the time when China invited former Prime Minister Tanaka."

The Japanese media, too, show a positive stance on the Emperor's coming China visit. It is said that invitations are being extended to former Prime Minister Tanaka as well as to the reporters who accompanied him on his visit to China for news coverage at the time when the normalization of diplomatic relations was effected. Furthermore, since the beginning of this year, China has often invited peresonages representing various circles of society, thus promoting a friendly mood. It may be thanks to such a clever way of creating a friendly atmosphere that hardly any Japanese newspaper has reported the shooting incidents caused by Chinese government vessels. It was not until 21 July this year that "the OKINAWA TIMES" and the "RYUKYU SHIMPO" in Okinawa reported the incidents on their first pages and as top items on their social columns.

Too Half-Baked a Way of Doing Things

Thus, the government was making a move toward the realization of the China visit. In reaction to this, voices advocating caution started to emerge in late February.

At a news conference, Tamisuke Watanuki, secretary general of the Liberal Democratic Party, said: "We have requested the government to give a careful consideration (to the emperor's China visit). A careful study is to be made within the party as to the visit's influence on Japan as well as the national interests of Japan in relation with the visit."

Behind this comment of Watanuku's was a situation within China where the struggle between the conservatives and the progressives was growing intense. The fear that "the China visit might be used by China for political purpose" spread within the party. Since the visit to Japan early in April by Jiang Zemin, general secretary of the Communist Party of China, was already decided at this point of time, and furthermore, because of the problem of jurisdiction over the Senkaku Islands, arguments against the visit arose from among the Dietmen of the Taiwan faction and young Dietmen within the party.

The cautious views within the party baffled not only Miyazawa but also the government and the Ministry of Foreign Affairs. Even Foreign Minister Watanabe, who gave a pledge to China himself, is said to have expressed his regret at a party: "I was too far ahead of others." Although they decided on the visit, those who were for the visit could not prevail over those who had a logical reason to oppose the visit. In the first place, the government had only two vague reasons for the decision on the visit: "On the occasion of the 20th anniversary" and "repeated invitations from China." It must have been impossible to refute the other side with only such reasons to fall back upon.

Furthermore, Miyazawa was shocked at the senior advisers' council of the Liberal Democratic Party held at a hotel in Tokyo on 18 March. At the council, former Prime Minister Yasuhiro Nakasone, who was cautious about the emperor's China visit, said: "China is the country which thinks it is the center of the world. If we do not take this into account, we will end up in conducting tribute-paying diplomacy."

Miyazawa was forced to take a cautious attitude toward the emperor's China visit on the surface, because of Nakasone's opinion and a strong, cautious view on the visit at the council. Fortunately, the political situation was taken up with the Kyowa scandal, however, and the PKO (peacekeeping operations) bill from this time on. Miyazawa, hiding the China visit problem behind these issues, had consistently taken a vague attitude since then.

He could not take such an irresponsible attitude at the conference with Jiang Zemin on 6 April, however.

Therefore, Miyazawa, at the strong request of Jiang Zemin to the effect that "the Chinese people sincerely welcome the emperor's visit to China this year," actually took a step forward by replying that "efforts will be made to meet China's request." Actually, the statement issued by both countries after the conference was vaguely worded: "A serious examination will be continued." Thus, Miyazawa is said to have maintained a cautious attitude domestically.

Soon after Jiang Zemin's visit to Japan, Dietman Shoichi Nakagawa attended a curry and rice party held by Miyazawa for the first, second, and third term members of the Liberal Democratic Party, and asked Miyazawa about the emperor's China visit: "It is said that you have a positive attitude on the emperor's China visit. If it is true, I am against it."

Miyazawa quietly replied with his head a little inclined: "There certainly was a request for the emperor's China visit when the foreign minister visited China and when Jiang Zemin came to Japan. Since this is a matter to be judged on the basis of the opinions of all of you, a careful judgment will be made on this issue."

Nakagawa remembers that Miyazawa's reply has always been the same until the day of the General Council of 7 August, in spite of the fact that a plan of the Emperor's China visit is being carried forward behind the scenes.

Miyazawa's way of doing was too temporizing, far from "national consensus."

How Did Takeshita Act?

Meanwhile, Miyazawa was gradually accelerating his movements for the emperor's China visit. One of them was "the social gathering on Asia and the Pacific of the 21st century," which was started in April. Miyazawa spoke, on the telephone, to President Tadao Ishikaw of Keio University, who is Miyazawa's old friend and who is also the head of a group favoring emperor's China visit. Miyazawa persuaded him into accepting the chairmanship of the social gathering and filled its membeship with those in favor of the emperor's China visit. Furthermore, Miyazawa began careful maneuvers behind the scenes toward faction leaders as well as influential persons within the party.

First of all, Miyazawa turned for help to former Prime Minister Noboru Takeshita, owner of Keiseikai, the largest faction within the party in support of the Miyazawa administration. In compliance with Miyazawa's request, Takeshita, who has a wide-ranging connections with China and who has been supportive of the emperor's China visit from the beginning, at once began maneuvers behind the scenes. What Takeshita did first was to obtain the consent of South Korea. Once the government had decided on a visit to South Korea by the emperor when he was the Crown Prince, but the visit had been canceled because of Crown Princess Michiko's illness. Since then, South Korea has been requesting the earliest possible visit to the country by the emperor. Late in March, Takeshita visited South Korea to have a talk with President No Tae-u. Takeshita is said to have requested South Korea's understanding concerning the fact that the emperor's China visit is about to take place prior to his visit to South Korea.

Furthermor, Takeshita visited China this time and had a number of talks with Chinese leaders, such as General Secretary Jiang Zemin, Chairman Yang Shangkun, and Premier Li Peng.

After ascertaining China's responses, Takeshita had dinner with Miyazawa at a Japanese restaurant in Akasaka on 19 May, 10 days after his return from China. It is said that there is no mistake about the fact that this was a final meeting for the realization of the emperor's China visit. With the alignment of Takeshita—the most influential man in the party—with Miyazawa, the opponents to the emperor's China visit within the Liberal Democratic Party have been defeated one after the other since then. Takeshita had a talk for 30 minutes at his office with Wan Li, chairman of the Standing Committee of the National People's Congress, who visited Japan six days after this Akasaka meeting. It can readily be imagined that the problem of the emperor's China visit was discussed at that time.

Active Role of Hashimoto, Ambassador to China

Now, what were the activities of those who opposed the emperor's China visit? Early in April, young Dietmen within the Liberal Democratic Party began to move. On 23 April, an interested group composed of first-term Dietmen within the party made representations to Secretary General Watanuki,—"the emperor's China visit is still premature"—submitting a document listing controversial points in the emperor's proposed China visit. On the following day, 24 April, the quadripartite conference of the Liberal Democratic Party agreed on "asking the government to take cautious measures," and suddenly there was a chorus of objections to the emperor's China visit.

Naturally, an active movement opposing the emperor's China visit was initiated among the nonofficial circles.

Three organizations, "the National Congress for the Protection of Japan," "the Society for the Protection of Japan," and "the Shinto Political Federation" lodged a protest with Miyazawa. According to Toshio Mayuzumi, a composer who played a central role at the time, the following dialogue took place between him and Miyazawa: "Mr. Miyazawa said two things clearly: 'We have to be sure that there is absolutely no political use of the emperor, for this is a very important matter. If the emperor visits China at all, we hope that he will do so willingly with the blessing of the entire nation.' I made sure that unless these two conditions were met, there would be no visit to China by the emperor. Mr. Miyazawa explicitely said 'no,' at which we felt reassured."

Miyazawa, who met Takeshita the following day to do the finishing up of the emperor's China visit, continued to hide his true intention. He assumed such an adamant attitude that he refused to listen to the opinions of the opposing groups.

Nobuo Ishihara, deputy chief cabinet secretary, breathed a word about the emperor's China visit to a journalist who paid a morning visit: "It will be difficult." The newspapers, which were taken in by the attitude of Miyazawa and Ishihara, wrote—"The emperor's visit will be adjusted so as to be passed up," "cautious views on the emperor's visit are spreading within the LDP"—and settled the arguments about the emperor's visit, thus playing a part for the government's maneuvering behind the scenes.

It was on 17 June, two days after the enactment of the PKO bill that Miyazawa showed, with an explicit expression, a positive attitude toward the emperor's China visit, by putting off the mask: "(About the emperor's China visit) it is desirable for the emperor to visit China. We are now in a cooling off period; we will explain the

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situation in China to the Japanese people; we hope that the emperor will visit China with the blessing of the nation."

The above is Miyazawa's wish expressed in an address given at the Japan Newspaper Association's general meeting held at the Presscenter Building, Hibiya, Tokyo. By "a cooling off period" he means that it needs time to cool the overheated air within the party because of the opposition to the China visit. This can be said to be a clever expression stated in anticipation of the fact the Dietmen will be very busily occupied with their elections, with the upper house election near at hand.

It was after Miyazawa expressed his forward-looking view that the Ministry of Foreign Affairs, which is very eager for the realization of the emperor's China visit, began its behind-the-scene activities. The leaders of the Ministry of Foreign Affairs and Hiroshi Hashimoto, ambassador to China, made a round of persuasive visits to appease the opposing views and cautious views of scholars, intellectuals and within the Liberal Democratic Party.

Especially Hashimoto's activity attracted notice. Hashimoto, who returned to Japan late in June, vigorously moved, and ran about among thesenior members of the Liberal Democratic Party. To cite what is known, he had a separate talk with former Prime Minister Nakasone and Chairman Koko Sato of the General Council on 29 June, and former Prime Minister Takeshita and Secretary General Watanuku on 1 July. The truth is that Hashimoto was to make a report to the emperor once at the end of May. This was canceled just before the report, however. It is thought that making an explicit report to the emperor at that point of time was judged to be premature. In that sense, his activity since the end of June meant putting the finishing touch on the China visit.

Hashimoto graduated from the University of Tokyo in 1953 and served at the Ministry of Foreign Affairs. He was the director of the China Division, Asian Affairs Bureau, at the time of the so-called Nixon shock—the U.S.-China diplomacy conducted over Japan's head in 1971. The man who served then as the assistant-director of the China Division under Hashimoto is Chief Cabinet Secretary Kato.

The task of the normalization of diplomatic relations between Japan and China also fell on Hashimoto when he was the director of the China Division. When the problem of textbooks came up, Hashimoto visited China as the director general, Information Analysis, Research and Planning Bureau. The problem was settled in compliance with China's wish. In 1984, he was appointed ambassador to China and has been serving as such for a lengthy period of eight years.

Hashimoto, who is to retire this fall, is said to have always remarked that as the crown of his eight years' ambassadorship: "I want to take credit for myself, above all, for the realization of the emperor's China visit."

The Ministry of Foreign Affairs' estimation of Hashimoito varies: "He has a distinctive style of a patriot and takes an active interest in his juniors." He would often say, 'I am watching the world.' Generally, he was regarded to be a political type of mind within the ministry.

(According to a person concerned in the Foreign Ministry), there seems to have been a remark within the ministry concerning emperor's China visit, "Is there no one who can stop Hashimioto?"

According to Kazuki Kasuya, a critic, who was active in an organization to which both he and Hashimoto belonged while they were college students: "There was a club called the 'Student Saturday Club,' whose purpose was to protect the student council from the Communist Party. Hashimoto was a central figure in the club. He was called a marshal since that time, for he had a haughty bearing and was an arrogant person. In a word, he is a boor of steady nerve. When I visited Hashimoto while he was the director of the China Division, Ministry of Foreign Affairs, I found him throwing out legs on his desk. I said to him, 'Mr. Hashimoto, you cannot speak Chinese, can you?' He answered, 'No.' He struck me speechless by saying 'I pass the work from my subordinates to my superiors, and pass the work from my superiors to my subordinates. I do nothing at all.'"

Hashimoto, who was anticommunist when young, became completely absorbed in China as he went through China-related positions within the ministry. Watching the condition Hashimioto was in, Akira Sone, a former ambassador to West Germany, expressed the following apprehensions: "When I heard that Ambassador Hashimoto was running about to persuade the opposing groups, I wondered whether he had not disqualified himself as an ambassador. Diplomats should not be absorbed in their countries of appointment; otherwise they are no different from the diplomats of the Axis powers who shouted 'Hail to Hitler' during World War II. They misled Japan's diplomacy. Diplomats should think in terms of their own countries; they should not give themselves up to the other countries."

It is not Hashimoto alone within the Ministry of Foreign Affairs who ran about to persuade others, however; officials in the Asian Affairs Bureau were also constantly on the move. How did they try to persuade the cautious groups and opposing groups?

Transformation of "Yasuhiro, the Faithful Subject"

The following is the case with Hideaki Kase, a critic.

An official of the Ministry of Foreign Affairs visited Kase's office on 13 July. As a preliminary, he said, "Please keep my visit secret." He emphasized, "I have studied in China. It is my mission to better the relations between Japan and China." When Kase questioned him about the violation of human rights by the Chinese Government since the Tiananmen incident, he fended off, "There had been no human rights before the

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Tiananmen incident." About the problems concerning the jurisdiction of the Spratly Islands as well as the experiment of hydrogen bombs, he seems to have answered nonchalantly, "That is what the military did in defiance of the central government."

Such comments of his are really amazing. It is really difficult to tell from his remarks whether he is a diplomat of China or Japan. He left after he had repeatedly requested Kase "not to oppose the emperor's China visit.

At about the same time, Sumio Tarui, director of the China Division, Ministry of Foreign Affairs, visited Dietman Seiichi Eto, who is active as the central figure in "the signature-collecting campaign for the postponement of the emperor's China visit," a group within the Liberal Democratic Party. Tarui only repeated: "China is a peaceful country. At first China was against the PKO but subsequently it refrained from criticism. Although China specified the Senkaku Islands in its territorial waters law, it has shown no moves since then." To Eto's question "What is the positive significance of the emperor's China visit for Japan?" he is said to have left, being unable to answer at all.

On 28 July, while the fevered air of the LDP's landslide victory for the upper house election still remained, a confident Miyazawa began to move for the adjustment of opinions within the party. First of all, he invited Nakasone at noon for a talk at a Japanese restaurant "Jubako" in Akasaka, Tokyo. When Miyazawa asked for Nakasone's cooperation by saying "Although I am very cautious about the emperor's China visit, I would like to carry it forward by creating conditions and circumstances conducive to the visit." Nakasone retracted his cautious view and simply swung to the group supportive of the emperor's China visit by saying "In principle, I support your view."

Nakasone was originally regarded as one in favor of the emperor's China visit. He visited China in May last year and after his return said "I would like the emperor to visit China." Then in March, he swung to the group that is cautious about the visit at the senior advisers' council in March. It is said that the envoy had a lot to do with his change of mind, because he did not like the idea of Miyazawa's realizing the emperor's China visit in disregard of himself who is originally the closest to the Imperial Household. It was at this point that Takeshita cut in. On 2 July, Takeshita and Nakasone had a talk at a Japanese restaurant in Kojimachi, Tokyo, together with Hajime Tamura, former speaker of the House of Representatives. At this meeting, Takeshita easily persuaded Nakasone, who was voicing opposition to the visit, into changing his mind.

At any rate, the fact that former Prime Minister Nakasone, who is proud of being "Nakasone the faithful subject," swung to the group in favor of the visit has a great significance for Miyazawa. Behind-the-scene maneuverings became easier at once thenceforth.

After the meeting with Nakasone, Miyazawa ventured on activities for persuasion in quick succession. The following day, he requested the cooperation of the five key officials of the Liberal Democratic Party. He obtained a promise of cooperation from former Vice President Shin Kanemaru. On 30 July, he visited former Prime Minister Takeo Fukuda at his office in Tokyo and obtained his understanding. One story is that Miyazawa at that time asked Fukuda to silence Masayuki Fujio, who was a headache for the government as an active leader of the opposing group then.

After all, before the opposing group within the Liberal Democratic Party could return a blow to Miyazawa's noncommittal attitude, its bastion had been made vulnerable because of his behind-the-scene maneuvering. Of course, there was no explanation for the people.

It is Masakuni Murakami, a member of the House of Councilors, who could not help getting angry at the behind-the-scene activities. He says: "According to the newspaper reports during the upper house election, a plan of the emperor's China visit seemed to have been carried forward between the Japanese and the Chinese governments. At the government-ruling Liberal Democratic Party liaisonconference held for the first time after the upper house election, I asked: 'Why was it that a plan of the emperor's China visit was being carried forward while we were waging the election campaign? The Prime Minister has often said, 'A plan of the emperor's China visit will be carried forward with the consent of the majority of the nation.' When I asked Chief Cabinet Secretary Kato whether public opinion for the emperor's China visit had been formed, he answered that he knew nothing about the newspaper reports. The following day, the morning edition of ASAHI SHIMBUN carried a catching headline, 'Emperor To Visit China in October' and also an article about the meeting between Miyazawa and Nakasone. We had not been informed of this meeting, too. What the government did was to keep silent for a while because the opposing group predominated. Then the government proposed the matter when it became no longer possible to overrule it both physically and in terms of time. Then, the opposing group cannot take a strong attitude since this is an international problem. This was what the government aimed at. During the time, people in the official residence of the prime minister and the Ministry of Foreign Affairs were moving about."

With the beginning of August, the Liberal Democratic Party gathered momentum at a stretch for the emperor's China visit. On 4 and 7 August, meetings of the General Council of the LDP were held, but at the senior advisers' conference of the LDP held on 5 August, the emperor's China visit was acknowledged in principle. According to former Prime Minister Sosuke Uno, Secretary General Watanuki, who was to have been against the emperor's China visit, had declared at the senior advisers' conference: "Whether a conclusion is drawn or not, the General Council is the place where opinions are heard, not the place where a decision is made. The General Council does not say this or that (about the China visit); this is for the government to decide; we merely listen to opinions; we do not put a question to a vote."

Watanuki, who is a leader of the Takeshita faction, could not possibly contradict Takeshita. With regard to the signature-collecting campaigns spread by such young Dietmen as Seiichi Eto for the purpose of the postponement of the emperor's China visit, the members of the Miyazawa and Takeshita factions, which are the ruling factions, hardly signed, because of the factions' constraints on them. Although the Mitsuzuka faction had many signers, they ceased to exist altogether at a suspension order given by Chairman Hiroshi Mituzuka.

(According to a political reporter), "actually, among the Dietmen there are hardly any who are in favor of the emperor's China visit. Gotoda seems to have said offhandedly: 'I am against the China visit. But if Miyazawa is for it, let him try it as he pleases. It is he who takes the responsibility for it."

Says Dietman Seisuke Okuno, who was forced to resign because of the second textbook problem: "Who is for the visit? There is nobody. Even (Michio) Watanabe said afterward 'Now I have done it,' did he not?"

Such voices within the party had never been taken notice of till the last, however. In the end, in spite of a succession of cautious views and opposing views expressed at the two General Council meetings, they had not been adjusted and had ended in a futile talk, just as Secretary General Watanuki had aimed at. Formal discussion within the Liberal Democratic Party was put an end to at the General Council meeting on 7 August, reaching the conclusion that "the matter will be entirely left to the prime minister."

On 10 August, Miyazawa called the four key officials of the party to his official residence and told them that "the emperor will be requested to visit China within this year and preparations for the visit will be made." Thus, a visit to China by the emperor and empress was actually decided, and it was agreed that an official decision should be made at a cabinet meeting on 25 August.

Chief Cabinet Secretary Kato's Ineptitude

The farce was continued to be played even after that, however. After having actually decided on the emperor's China visit, the government consulted 14 men of learning and experience in an unnatural manner. Moreover, it was such a makeshift measure as to notify these men five or six days before the meeting. This was nothing but a ceremony for making an official decision. During the hearing, Miyazawa enjoyed playing golf in Karuizawa and did not trouble himself to attend the hearing even once. What was the purpose of the hearing, anyway?

Professor Yasuo Ohara at Kokugakuin University, who expressed an opposing view at the hearing, at first thought that he would decline to attend the farce, but he attended it after all, reconsidering that he might be able to apply the breaks to the visit even a little. Ohara says: "The Imperial Household diplomacy must be suitable to the symbol of the unity of the nation that takes an independent and equitable position—it must be for international friendship and be limited to cases devoid of any political coloring. Its real significance lies in establishing further friendly relations between the two countries outside the sphere of real politics and economy. Prime Minister Miyazawa explained that the purpose of the emperor's coming China visit is "for stability of Asia and for peace of the world. If the emperor is to visit China for the stability of Asia and for peace of the world, its political significance is very deep. The establishment of friendly relations in the midst of various frictions which actually exist now between Japan and China is the responsibility of the government; the burden is not for the emperor to bear. If the emperor is requested to do so, that constitutes nothing but "political utilization."

Professor Ohara had a talk with Chief Cabinet Secretary Kato on 7 August, ten days before the hearing. The place of meeting was Kato's room in the Members' Office Building. Deputy Chief Cabinet Secretary Ishihara also attended the meeting and the conference lasted an hour and 20 minutes. Kato's manner of dealing with this matter was very questionable.

Ohara says: "After talking about the political use of the emperor, I said that no Chinese heads of state had ever visited Japan, although the government said that it could not ignore repeated invitations from China—one of the reasons given by the government for the realization of the emperor's China visit. To this, Chief Cabinet Secretary Kato replied: 'No heads of state came. Politically influential persons who correspond to heads of state, such as Hua Guogeng, Deng Xiaoping, Jiang Zemin, and others came to Japan.' I answered at once: 'Not a few countries dispatched head of state-level or minister-level envoys for the Imperial funeral of the Emperor Showa and the ceremony of enthronement of the present Emperor, but China dispatched only a foreign minister and a vice premier, respectively. The funeral of former Prime Minister Masayoshi Ohira held jointly by the Liberal Democratic Party and the government was attended by Hua Guofeng, who is equivalent to the Chinese head of state. This is the gravest breach of etiquette. If China wants to invite the emperor from the bottom of its heart, I think it is possible only when it has respect for Japan's Imperial Household in its own way. I told him that I doubt the true motive of China in spite of its repeated invitations. After a short silence, Chief Cabinet Secretary Kato said, 'We, too, think it is matter for regret.' When I repeated this story to Director General Ikeda, Asian Affairs Division, he, too, kept silent, unable to say anything about it."

In spite of their decision, those who were responsible for it were no match for a disputant of the opposing group. Ohara continues: "Kato hinted that the situation of public peace in China is unstable. Kato was quite ignorant of the fact that China had bought 24 Su-27's. In the first place, although Kato called the emperor 'okami' [a deferential word for calling the emperor], he did not know that the present emperor is the 125th in descent."

Such was the level of understanding of even Kato.

What Made Them Keep Silent

The government circles as well as Prime Minister Miyazawa insist that the emperor's China visit is supported by the people, and they make this one of the reasons for their decision. The public opinion is nothing but a result of an exclusive public opinion survey conducted by a nonofficial research agency at the request of the government. The result: 36 percent "approved" the China visit; 36 percent "rather approved." The government says that 72 percent of the people assume a positive attitude toward the China visit, but the very way of posing a question in the survey is advantageous to the government. Moreover, the government did not dare to make the question public.

The number of questions is only one: "Japan has received a request from China asking for the emperor's visit on the occasion of the 20th anniversary of the normalization of diplomatic relations between Japan and China. What do you think about it?"

No one will firmly oppose such a vague question. As seen above, the government has, from first to last, refused to touch on grave questions posed by the emperor's China visit, and has made a frantic effort to bring about a decision on the visit little by little. The way of putting this question is permeated with such an insincere attitude of the government. Former Minister of Education Masayuki Fujio strongly criticized, with good reason, the result of the research at a General Council's meeting: "The way of putting the question is emotional and sentimental. If it had been put in another way, such a response would have been impossible."

At any rate, it is amazing that both the government and the Ministry of Foreign Affairs have never tried to give a satisfactory explanation in the course of their final decision on the China visit. Prime Minister Miyazawa's talk given on the day of cabinet decision did not clarify the questions which had been raised regarding the emperor's China visit, and neither did Chief Cabinet Secretary Kato's comments given at a news conference. Such questions have not been raised by the press, and they have hardly been reflected in its space.

As it is clear from the questionaire addressed to the Ministry of Foreign Affairs by the Imperial Household Agency, the Ministry of Foreign Affairs seems not to have given a lucid explanation to the Imperial Household Agency itself until immediately before the decision. Surprisingly, it was not until late July that the Imperial Household Agency, losing its patience, submitted the questionaire.

The fact is that, as pointed out at the beginning of this article, the Editorial Board of this magazine has continued its negotiations with some politicians and Foreign Ministry officials for two months, so that they may come forward and give explicit answers to such questions.

As expected, all the approaches have been rejected, however. Even those who seem to have legitimate reasons for approving the emperor's China visit have hesitated at the last moment.

As a result, only Sakutaro Yano, former Director General of the Asian Affairs Bureau, who is mentioned elsewhere, consented at long last. Various reasons were given for refusal, such as "there is no time," but a certain Foreign Ministry official whispered: "After all, they are afraid of their names being made public. Everybody holds himself dear—both politicians and bureaucrats."

It is not clear what they are afraid of, but if some sort of terrorism is meant, that should not be tolerated. If they are just following the principle—there is nothing we can do about it, since this is the decision of the prime minister—they may be exempted from the obligation to answer questions. If they are carrying forward the emperor's China visit in their sincere belief in "friendship," they should answer every question under all circumstances, however.

One self-examination which is often expressed by bureaucrats of the Ministry of Foreign Affairs is: "Japan could have avoided the war, if they had not shut their mouths in fear of the military."

Whatever the facts of history may be, these are the words which have often been expressed as a reflection on Japan's diplomacy before World War II. These are sincere words of reflection which touch our hearts in a certain way.

It has to be said that the more sincere these words of reflection, the more against the reflection is the posture of some of the politicians and bureaucrats taken in this case; for the fact that they have kept silent about the emperor's China visit for fear of someone, deprives them of their right to call their superiors to account for "their responsibility for war."

It can be said that an expedient of locked-room politics, which is typical of the Liberal Democratic Party and which is used in ending a split of opinions within the party, has worked with success in the final decision on the emperor's China visit. Since the emperor's China visit has been decided through such a political method, it can be thought that the people do not know anything about the matter, and consequently cannot agree on it, even if they want to. What is your opinion? (Honorific titles are omitted in this text)

Beijing Speech Praised

OW3010105292 Tokyo TOKYO SHIMBUN in Japanese 25 Oct 92 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Editorial: "'The Emperor's Words' in the Course of History"; first paragraph is newspaper's introduction]

[Text] If it was the first time an emperor visited China, it was also the first time an emperor issued such "words." On this autumn evening I am deeply moved by the appeal of "the symbol of Japan" [the emperor] made on the 2,000-year history of Japanese-Chinese exchanges.

One word came crushing in on me during the emperor's speech at a welcoming banquet in Beijing on the evening of 23 October—it was "wagakuni" [our country].

"...in the long history of the relationship between our two countries, there was an unfortunate period in which 'our country' inflicted great sufferings on the people of China."

He continued: "I deeply deplore this." I have never heard an emperor use such clear words as "our country" and "I" before. The emperor spoke in his own words.

Hit Me Like a Bolt

Regarding words in his speech on the "past", it had been anticipated three key expressions would be used—references to "an unfortunate period", "regret", and "not to repeat." These were the "key players" in speeches at court-hosted dinner parties for Chinese Premier Li Peng and South Korean President No Tae-u when they visited Japan.

But the expression "an unfortunate period" is in the third person and dry. This time the clear subject "our country" was used preceding "inflicted great sufferings on the people of China", thus making it clear who was responsible. There were no ambiguities whatsoever in either of the two expressions—"I deeply deplore this" and "the Japanese people... with a sense of deep reproach."

Indeed the expressions were so thoughtful. The sincerity of the emperor reached the hearts of the audience, transcending the formalism of whether he really made an apology or not. Agnes Chan [a singer-cum-actress-cum-college lecturer from Hong Kong] said to MAINICHI SHIMBUN: "I was moved. The gentleness and desire of the Japanese for peace hit my heart like a bolt. The people of China who heard him would have also felt warm in their hearts."

The emperor read the passages earnestly. He conveyed the minds of the Japanese to the hearts of the Chinese dignitaries.

The sentences in the speech were also good in rhythm. Most of them were in the form of seven and five syllables.

For instance, expressions "konoryokokuno" [between our two countries], "kankeino" [of relationship], "wagakiniwataru" [long], "rekishinioite" [in history], and "wagakuniga" [our country] come in the form of seven syllables, five syllables, seven syllables, seven syllables, and five syllables. They can be read as if in a long poem. Indeed they can be recited as a poem. Listening to them, one comes on the tune naturally. The sentences are beautiful.

The construction of the sentences is just as good [meaning the speech follows the order of introduction-development-turn-conclusion].

After words in expression of thanks (i.e. "ki" [introduction]), he traces the history of exchanges between the two nations to the time when envoys were sent to the Sui and Tang Dynasties, and then goes on to talk about the Romance of Three Kingdoms and the poems of Li Bai. He also refers to the arrival into Japan of large numbers of young Chinese during this century. This is the "sho" [development] part.

Touching upon the main subject, he recalls the period when Japan inflicted great sufferings on the people of China and urges the people of the two countries to pledge—on this landmark year of the 20th year of the normalization of bilateral diplomatic relations—to walk toward the future as good neighbors. This is the "ten" [turn] part.

"Ketsu" [conclusion] comes in the form of expressing expectations while on his trip to Xian and Shanghai. He touches on the toil in the past of the Japanese envoys to the Tang Dynasty and refers to current new developments in China. In conclusion, he notes he is very happy to have been given the opportunity to visit China, then proposes a toast.

This is truly a beautiful construction of "ki-sho-ten-ketsu" [introduction-development-turn-conclusion]. Is it not?

History of Dispatching Envoys to Sui and Tang Dynasties

A major feature to note in "the words" of the emperor is that he is strongly conscious of history. He places "today" at the end of the flow of history which started 2,000 years ago.

Twenty years have passed since diplomatic relations between Japan and China were normalized. Neither those 20 years nor the 60 years since the "unfortunate period" can be said to have been short, but when one considers that Japan's full-fledged cultural exchanges with China started with envoys being sent to the Sui Dynasty in 600 and to the Tang Dynasty in 630, these years are not even comparable in length. The exchanges indeed started far, far back.

Missions were sent four times during the Sui Dynasty and 17 times during the Tang Dynasty—across the sea.

"This message is addressed from the lord of the country wherefrom the sun rises to the lord of the country wherein the sun sets. Are you in good health?" These famous words are a part of the state message which envoy Ononoimoko carried to the emperor of Sui. Apparently, it was an insulting message. It was said the envoy came back safely only because China was absorbed in a complicated diplomatic problem involving a country on the Korean peninsula.

Initially the missions were sent to pay tribute, but soon their purpose became the absorption of Chinese culture. Students stayed in China as long as 20 or 30 years to study the system, institutions, science, and ideologies of the continent. Later, their learning had a great impact on the Taika reform (645-650).

When the party was large a mission to the Tang Dynasty could involve 600 people. They were shipped on four boats which had to sail through rough waters. It was a time when neither navigation technology nor ocean meteorology was dependable. The people risked their lives. No doubt not everyone safely crossed the sea to China or returned home safely.

The aggressive spirit and boundless desire to learn about an advanced culture and civilization are truly amazing. Their endeavors lasted about 300 years, and finally in 894, when Sugawarano-michizane was sent to serve as ambassador to the Tang Dynasty, the practice of sending envoys was abolished at the recommendation of Michizane. He pointed out the dangers of sailing by boat as well as the fact that by then Japan had absorbed considerably much of Tang's culture. He insisted the private sector can take over the efforts thereafter.

Japan-China Friendship in Reciprocation of Kindness

Japan is much indebted to the succession of the nations on the Chinese continent for the culture learned from them. The emperor was very well aware of this in making his first visit to China. "Japanese-Chinese friendship in future generations" comes on the basis of this history.

The feelings contained in "the words" are not only the emperor's but also those of many Japanese. No doubt these feelings will call forth responses in the hearts of the Chinese, and will lead Japanese-Chinese relations to a higher level.

* Parliamentarian Interviewed

932B0001A Tokyo SHOKUN in Japanese Oct 92 pp 20-25—FOR OFFICIAL USE ONLY

[Interview with Koji Kakizawa, parliamentary vice minister of foreign affairs, by Yoshiko Sakurai, journalist: "Foreign Ministry's Views on Emperor's China Visit"]

[Text] Was the true aim of the daring plan to visit China for the purpose of expanding the economic relationship or a turnabout from the traditional U.S.-centered diplomatic stance?

The decision for the emperor to visit China has been made, but there are unprecedentedly strong arguments of opposition surrounding this decision.

Most reasons seem to be rooted in questions regarding current behavior on the part of China. The present situation is that China is enthusiastically purchasing weapons from the former Soviet Union, and there are actual circumstances that lead one to think that it might use force concerning the Nansha Group [Spratly Islands], plus the fact that it does such things as export to specific countries atomic reactors which could be related to nuclear proliferation, which are things that clearly run counter to movements toward arms reduction in the global community.

Also, since the Tienanmen incident, the politics of repression of human rights, which have been strongly criticized by other nations, still cannot be said to have improved. As a result, the current situation is that all the seven industrialized nations, with the exception of Japan, are, to one degree or another, even now continuing sanctions.

No matter what the relationship between two nations, if that relationship cannot exist if it means ignoring the influence it has on the other nations of the global community, Japan should now seriously consider the influence that a further step in Sino-Japanese relations would have on Japan and the United States, Japan and Europe, and Japan's relationship with Asia.

To what extent was consideration made from this point on the occasion of the recent decision on the emperor's visit to China, and what is the true motive of making such a decision amid strong opposition? Most of all, what is the ultimate aim of the Japanese Government's diplomatic policy on China?

We posed these sorts of questions to Mr. Koji Kakizawa, lower house Dietman and parliamentary vice minister of foreign affairs.

[Sakurai] First of all concerning the emperor's visit to China, why does this have to happen now?

[Kakizawa] One reason is that it is the 20th anniversary of the restoration of diplomatic relations between Japan and China and this will punctuate that event. Since the Tienanmen incident China has been placed in a severe

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situation and because we do not want to isolate that country, Japan has continued such things as aid and the exchange of government-related people and high officials.

As a part of that course, from their side there was a discussion about their desire to receive a visit from the emperor in the year of this anniversary. The emperor went to Southeast Asia last year. And the since the previous emperor had already gone to the United States and Europe, it was thought that it would be good for him to pay a goodwill visit to China, to whom we caused the most trouble during World War II. Then, I had heard that, since the time of the Showa emperor, even within the imperial household there was an inclination to go to China.

[Sakurai] Is the feeling of His Majesty very strong about that?

[Kakizawa] I have not heard from him directly, but I had learned that the present emperor had heard that expressed by the previous emperor.

[Sakurai] Did His Majesty specifically say that?

[Kakizawa] It is a delicate matter when it comes to whether he did or did not say it. I have learned secondhand that this is the way he feels.

[Sakurai] But there are many who say that they object to the way the emperor's visit to China was decided. How was this decision made?

[Kakizawa] There was a wish expressed by the Chinese side, and in the process of the Japanese side making a serious examination, it is true that various opinions came out from people in the Liberal Democratic Party [LDP], the media, scholars, and the press. Even Prime Minister Miyazawa said "it is important to create an atmosphere so that the entire nation will be happy for the visit to take place," so a good deal of time was taken until the decision was made.

I believe that pretty much all the arguments for and against this have come out and, either while obtaining understanding point by point or by solving misunderstandings, it was decided. We do not particularly feel any doubts concerning that process.

[Sakurai] It is said that, in response to either Prime Minister Miyazawa's or former Prime Minister Takeshita's intentions, foreign service bureaucrats separately persuaded big-shot Diet members who were opposed. There are also those who doubt this way of doing things behind closed doors instead of openly explaining problem points and differences concerning the emperor's China visit.

[Kakizawa] As to the propriety of the emperor's visit overseas, is it favorable to have uproarious discussion in an extremely open manner? I think that this is different from the so-called policy arguments or PKO [peacekeeping oeprations] discussions. I think that it is better to make a solemn decision that respects the feelings of the emperor and let the prime minister who has the duty to give advice make the judgment.

A part of that was that in various ways understanding was requested of former prime ministers and supreme advisers within the LDP, so there is absolutely no need to think there were any behind-the-scenes type of back room transactions.

Are There Problems in the Relationship Between Japan and China?

The phrase "the feelings of His Highness" naturally fell from Mr. Kakizawa's lips. However, at the same time, he also admits that he did not hear about those "feeling" directly, but rather by hearsay, as it were.

What really are the "feelings of the emperor?" Could not the vagueness on that point occasionally make possible the political manipulation of the imperial household?

Even supposing that somehow the "emperor's feelings" do include a desire to visit China, the cabinet, which is obliged to give advice, should thoroughly examine the actual situation of China in the context of the global community and give advice as to whether conditions are appropriate for a visit. If, by some chance, there are circumstances that dictate such a visit is not appropriate, is it not necessary to dissuade even if the emperor's feelings are in favor of the trip?

Even after the China visit was decided, deeply rooted opposition remains, and the reason why such backward ways of going about it had to be done, such as calling so-called learned people to the prime minister's residence to ask their opinions, was because the visit was decided without any debate at all.

[Sakurai] Aren't there too many problems with China now? Even limited to the relationship between Japan and China, there are problems like the rejection of Japan's PKO participation, the enclosure of the Senkaku Islands, the Chinese ambassador to Japan pointing out the responsibility for compensation concerning the comfort girls issue, the statement made by Mr. Yang Zhenya, etc., that lead me to feel it is a discordant relationship.

[Kakizawa] Japan and China are neighbors and, since China is a permanent member of the UN Security Council, it is a country with power to make statements even in international politics.

Japan is a member of the G-7 nations and is an economic giant second to the United States. I think it would be impossible to have absolute calm or peace and quiet between our two countries. It is natural for there to be discord as there is in the relationship between Japan and the United States.

However, the problem is not the discord. I think that the way it is handled is what is important. Problems should not be debated emotionally. It is important to try to manage them calmly.

For example, concerning the fact that China enclosed the Senkaku Islands by the territorial waters law, the Japanese side is clearly declaring its position. On the Chinese side as well, that was adopted in the National People's Congress. However, the government, based on a statement by Deng Xiaoping, is saying that it is not changing its past principle that says this is a problem for the next generation.

[Sakurai] Was there formal notification to the Foreign Ministry about that?

[Kakizawa] It went through diplomatic routes.

[Sakurai] Well then, is that to say that the enclosure of the Senkaku Islands was a mistake from the standpoint of the Chinese Government?

[Kakizawa] No, I am not saying that. Since restoration of diplomatic relations between China and Japan, the Chinese side has not denied the right of possession, and the Japanese side has continued to assert itself, so in the end, it was shelved in the dialogue between Tanaka and Zhou Enlai. They are saying that the condition of being shelved has not changed by the recent legal enforcement.

However, almost every day Japanese Maritime Safety Agency patrol boats make their rounds there, and there is no change in the fact that Japan is doing so-called effectual management.

[Sakurai] Viewed historically, the Senkaku Islands are clearly Japanese territory, are they not?

[Kakizawa] Yes, at the time of the return of Okinawa, the United States returned authority to Japan, which included the Senkaku Islands as well, and the historical documents remain. There is no problem on that point. However, since normalization of Sino-Japanese diplomatic relations, it is a fact that they have been saying that this is theirs.

And then the government of the Republic of China is asserting its right of possession of Taiwan. Therein I think that problems remain that cannot be managed 100 percent.

Even with the PKO issue, China talks about "using caution," but it is not making such statements as "we are opposed to this because it is the first step toward Japan becoming a military giant" the way it used to do. I think that China deep down understands the character of Japan's PKO. I think that it talks about being cautious in the sense of there having been past circumstances.

[Sakurai] However, when China makes requests of Japan, there is usually some meaning behind it, isn't there?

[Kakizawa] There are those who say that, involved in the idea of having the Japanese emperor visit China is the fact of strengthening the friendship between Japan and China, which is an effort intended to estrange Japan and the United States. However, I do not believe there is any need for concern about adopting a policy of estranging Japan and the United States if the Japanese people are able to bear in mind that the Japan-U.S. friendship is pivotal for Japan, but that its relationship with China is also important.

Without a doubt, China has problems in human rights and democratization. However, this is a problem that exists to a greater or lesser degree in many nations in Asia.

On the other hand, Europe and the United States extremely impatiently demand establishment of human rights and the promotion of democratization. Is that impatient demand really appropriate? Is it in Japan's interest? This is something that requires calm consideration. The rapid democratization of Russia may have been preferable in the sense of reform of the political system, but when one considers the economic instability and the fear of nuclear dissemination that was aroused, if China were to head down the path of breakup in the manner of a second Soviet Union, it would hardly be considered to be desirable for Japan or for the world.

So on that point I think that the position of a more realistic and eastern Japan promoting gradual reform is preferable.

Currently, the Deng Xiaoping system, which has become the nucleus of China, is reformist and open. And since we are showing what understanding we can of their position of promoting gradual reform, there is absolutely no need to think that Japan's policy is erroneous in comparison with the policy of Europe and the United States. There are aspects of Asia which Asians should understand as Asians and it is not necessarily imperative that we measure things by the same standard that Europe and the United States do.

How To View China's Becoming a Military Giant?

[Sakurai] The fear that the sudden democratization of the Soviet Union might be connected to nuclear dissemination is the same with China. While China is not currently collapsing, it is commonly known that China is behind the opposition between North and South that is in the process of becoming manifest after the opposition between East and West.

There is also information that, due to China's export of atomic reactors, Pakistan is already starting work on nuclear development. It is also being reported that even with respect to Iran, there has been Chinese assistance in the nuclear plants in Isfahan, Mubarka, Arak, etc., and also that there have been contracts to export atomic reactors. It is even said that they built an atomic reactor in the Algerian Sahara Desert. In this way, China is making possible the production of enriched uranium by exporting atomic reactors, which is linked to nuclear dissemination under the reformists of the current system. Don't you think that Japan should pay more serious attention to the danger of this nuclear dissemination that is advancing insidiously?

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[Kakizawa] I agree.

[Sakurai] Also, the news was reported at the beginning of August that China is trying to purchase the newest offensive aircraft carrier that the former Soviet Union was in the process of building. Meanwhile in May, China sold oil exploration rights in the disputed region in the vicinity of the Spratly Islands to the U.S. oil company Creston and it has pledged to guarantee that exploration with naval force. In this regard the U.S. Government entertained serious apprehensions, and in order to restrain Chinese military action in the South China Sea, it is said to be examining the prospect of increasing U.S. naval strength in that area. For Japan to embark on a relationship with China at this juncture might cause a strain in the Japan-U.S. relationship.

[Kakizawa] If China is committing to export facilities that could be related to manufacture of nuclear weapons, that would be a problem. In this regard we are constantly taking care and they also are communicating an intention that such a thing will not come to pass.

In addition, it has been communicated that countries that export weapons and countries that are making excessive defensive expenditures will face reexamination as countries subject to Japanese ODA [official development assistance].

[Sakurai] But when you are giving assistance and having the emperor visit, isn't that just like going along and endorsing the current situation?

[Kakizawa] Where one always runs into a contradiction is the question of whether an economic blockade will necessarily connect with a correction toward political reform or foreign policy that we desire as the other country's poverty progresses. Economic sanctions and the severance of trade and assistance are trump cards, and, excluding the case of conspicuous violations of international law such as when Iraq invaded Kuwait, such things as secret exports of weapons or modernization of weaponry after the Gulf war—you see, China is calling the current military reinforcement modernization of its weapons. Can one say that even that sort of thing is completely wrong? For them, this is a question that relates to their right of survival, so I think calm judgment is required.

If there were to be military procurement that transcends the defensive range, Japan should be careful. As for such things as the purchase of the aircraft carrier which you pointed out earlier, there are points where we feel some doubt that it is really for national defense as the Chinese leaders are saying and whether it is something that is absolutely necessary. Recently, in that sense, the military tension with such places as Brunei, Indonesia, Vietnam, Malaysia, the Philippines, and countries related to the Spratly Islands is, as one might have thought, coming from the reinforcement of China's naval capabilities. On that point I think it is necessary for us to deal with it objectively and calmly.

[Sakurai] When one looks at China's present movements, in the manner of relative buildup compared to advanced countries which represent the North, one gets the feeling that it is trying to strengthen its military influence for the purpose of attempting to unify the South, but what is your feeling on that?

[Kakizawa] I don't think China is thinking about—well, it might be thinking about it, but it would be highly improbable that a composition would materialize in which the nations of the South would form one group of which China would become the leader.

Even if you look at what I spoke about earlier on the single issue of the strained relationship between China and the ASEAN nations surrounding the Spratly Island group, you know that it would not be such a simple matter.

And then the places to which China is exporting weaponry are countries like Burma or Iran, places that could become a seed of disputes with neighboring countries. This the same as when it had given weapons assistance to the Pol Pot faction in the past. Since there is a portion in which, to the contrary, China's weapons exports are destroying the friendly relations with neighboring countries, I do not think that it is such a simple matter as China attempting to expand its own sphere of influence by exporting weapons.

[Sakurai] Well then, conversely, why must His Majesty go to a China that is actively exporting weapons to such dangerous countries?

[Kakizawa] China now must purchase weapons from Russia, etc., for the purpose of weapons modernization. For that reason it must earn foreign currency. Therefore, it is becoming a cycle in which, as a quick way to earn foreign capital, it exports weapons. I do not think that this will continue forever. This is a movement to modernize China's weapons systems in the context of the shock of the Gulf war, and, at the current stage, it is legitimate to think that it is not at all their aim to become a military giant.

I think that it would not be out of the question for the policy objective of Japan's foreign policy to be to create a situation in which China is not compelled to adopt the aim of becoming a great military power.

[Sakurai] However, China's military forces, including those for land, sea, and air, total 3.03 million people. While this is not as many as the former Soviet Union's 3.4 million, it is a vast military force that far outstrips that of the United States at 2.02 million people, France's 450,000, Britain's 300,000, or Japan's 250,000. Regardless of what Japan's opinion may be, China is already a military giant.

Also, as mentioned above, China is trying to purchase the newest and most powerful offensive aircraft carrier from Russia. In addition to that, it is said that there are plans to purchase 24 Sukhoi jet fighters that can fly for a distance in excess of 1,500 kilometers.

With the combination of the aircraft carrier and the Sukhoi, it is said that China's naval capacity will be equipped with wide-ranging offensive capabilities covering a range from the South China Sea to Taiwan.

While there is no need to become alarmed at this reality, there is a need to make a "calm judgment" as Mr. Kakizawa asserted. At least it should be recognized that apprehensions harbored by the other nations of Europe and the United States with respect to China's behavior are not caused by impatience or lack of understanding by reason of their being non-Asian peoples.

Future China Policy

[Sakurai] Could you now discuss the basics of future China policy?

[Kakizawa] We hope that China's leadership will to the last hold steadfast to a policy of reform and openness, to gradually open up, and move forward with the introduction of a market economy. We think it is important to support the attempts in the remarkable development of the special economic zones in the South China economic sphere, and such areas as special economic zones established in the Pudong region of Shanghai and the northeastern region of former Manchuria.

Even if one wanted to try to develop in one stroke the vast entirety of China, it would not be simple. We wish to heartily welcome the fact of integration of new capitalistic elements as a method of the current leadership to develop preponderantly the coastal regions which have relatively high latent capability.

When stocks were put on sale in Shenzhen, it is said that there was such a stampede that it caused casualties. Chinese people know about market principles. With a 3,000 year history, it is innate and has been imbued in their blood. It is different from countries that suddenly went straight from an economy of serfdom to communism the way Russia did.

By Japan's supporting that economic development, their standard of living will be raised. If that happens, the degree of desire for political liberation and political democratization will increase spontaneously. In Thailand some time ago, after the election when a military regime was trying to come into being, demonstrations broke out and toppled the military regime. That is proof that amid Thailand's economic development a middle class is being spontaneously cultivated.

Even considered from that fact, concerning China, I think that Japan should assist the political maturity that is caused by economic development.

[Sakurai] A kind of economic-centered idea then, isn't it?

[Kakizawa] Yes, economics go first.

[Sakurai] Mr. Francis Fukuyama, who wrote *The End of History*, says that the primary factor that will drive the human race in the future will probably be economics, as you said just now. However, separate from that, he also says that extremely spiritual factors will also arise. When I listen to what you say, by Japan urging economic development, it might also be possible to assist from the side of China's democratization, but in an area that transcends that, what kind of meaning of existence do you believe can be given?

[Kakizawa] The 20th century was an age in a certain sense of absolutism and uniformity. In short, it was an age when symbolic assertion of democracy and human rights were viewed absolutely. I think a representative player of that role was the United States.

However, the 21st century must be a society in which more diverse values can coexist. Even in the case of the expression of human rights, I also lived in Europe for five years, and was in France which is pretty much the birthplace of human rights, as it were. But there is a difference in their concept of human rights and the concept of human rights held by Asian peoples, including the people of Japan.

There are also subtle differences in the concept of the individual vis-a-vis the nation and of democracy, so it is too simple to talk about ourselves as industrialized nations that hold in common such values as human rights, democracy, and then now Russia has entered our company, which everyone is quite happy about. However, I think that this black or white discussion that China and Vietnam are different should be avoided in the future as much as possible. Rather, while valuing individual historical conditions, cultural characteristics, and racial mentality, it is vital to make efforts to put those within allowable limits that each can go along with.

It is in that sense that I'm constantly using the word "gradualism" which I touched upon earlier.

Japan's diplomacy is criticized as being without ideology, but that is when speaking of ideology by Western standards. Japan has its own sort of value system. However, it's fuzzy. The Japanese Government, while it leaves some vagueness, conducts diplomacy as a representative of the Asian mentality. In that context I think that there should be the values and standards of Japanese diplomacy.

Diplomatic Ideology Should Recognize Diversity

[Sakurai] Even if the method of promoting foreign policy is fuzzy and is not all either black and white, isn't it true that one's fundamental concept should not be fuzzy?

[Kakizawa] However, speaking of the past and viewed from the fact that Japan became this well-off due to high-level growth and is a great power, it is a mistake to say that economy is first-class but politics is third-rate. Would it really be possible to become a first-rate economy with third-rate politics? Because politics in Russia was third-rate, its economy is also third-rate.

I recently went to Burma and when one makes a comparison between Burma and Thailand, compared to Thailand which has maintained independence by adopting a fuzzy forward-looking diplomacy, Burma has strictly observed rules and principles and conducted closed economics. Thanks to that, a difference has been generated such that while nowadays hundreds of jumbo jets are lined up at Bangkok's international airport, there are only three airplanes, including propeller planes, at Yangon [Rangoon] International Airport. For myself, therein should lie the superiority or inferiority of politics, and just because Burma's principles are clearly defined does not mean it is first-rate and that Thailand is second-rate. After all, everything, whether it be economics or politics, must take the consequences.

Spoken in that sense, if one talks about Japan's diplomacy in terms of the past, it had its own rationality. And while ever so carefully reading world conditions not as a "great nation" but as a "middle-level nation," it was able to prudently follow a course, and even though it is only one example of success, at least it is not an example of failure. However, Japan has became a "great nation" and since it cannot have a standard of behavior of a middle-scale nation, I think that a bit more power of persuasion and self-analysis to be able to explain its way of thinking to others is necessary.

However, as a rule, I don't think that Japan should be doctrinally assertive and carry on like a crusader.

[Sakurai] In your discussion just now, isn't the subject of the comparison mistaken when you compare Burma and Japan?

[Kakizawa] I was saying that merely by politics being good or bad, just that much of a difference is made in economics.

[Sakurai] In that sense, Japan's postwar diplomacy succeeded within the framework of the United States.

[Kakizawa] That was due to having skillfully utilized the cold war structure. Now that the cold war structure is gone, it is a fact that the behavior principles of the past are no good. Nevertheless I don't think there is a need to become an ideological kingdom that would be a substitute for the United States or the Soviet Union or create anything of that nature. Rather, we should conduct diplomacy with a Japanese philosophy that abundantly embraces diversity.

Like Jittoku's colored paper, painted with pumpkins and tomatoes and cucumbers, "you be you, I'll be myself; we get along notwithstanding" should be Japan's concept of diplomacy.

One other thing that should be added as an economic giant is the matter of "the branches that bear most hang lowest." Suddenly standing up and preaching to others in a loud voice just because one's crops bear fruit is something that should not happen.

[Sakurai] However, would the "you be you, and I'll be myself" concept be permissible for a China whose system is also different and is struggling to reinforce its naval capacity and exporting weapons and nuclear reactors to the third world? This question inevitably remains. The emperor's trip to China was decided at a pretty quick clip without discussing that question. One cannot deny the feeling that the technique of persuasion of the dissenting views within the party went first.

[Kakizawa] As long as the emperor's visit to China will occur, everyone should be praying for its success. If an untoward event in this regard should occur, it would provide an extremely serious blow to Sino-Japanese relations. A very severe condition would occur for the stability of Asia. In that sense, even though there were those with individual opinions of approval or disapproval until its determination, I would like to request everyone's cooperation and understanding concerning matters that have been determined as a nation, so that they can be carried out smoothly.

What About the "Royal Speech"?

[Sakurai] What sort of information is forthcoming from the Chinese side about the question of the "royal speech"?

[Kakizawa] I am not able to comment specifically on diplomatic dialogue, but in talking with people such as the minister at the Chinese Embassy in Japan, I have heard that they have no intention of making any requests regarding the "royal speech."

However, there would not be that much sense of incompatibility among the people in saying things within the range of statements made in the past on various occasions by the emperor, including the Showa emperor.

[Sakurai] So the current situation seems exactly the reverse of what Mr. Miyazawa said about "in the manner of all the people being blessed." We went over our time. Thank you for the discussion.

The question of the emperor's visit to China does not stop with relations between our two countries. It could have major repercussions in the future. The first reason for saying that is to be found in movements going on in the United Staes. Candidate Clinton, who is said to be in the lead in the presidential race, made fierce criticism of Bush in a speech the other day at the World Affairs Council. The point of his argument was about Mr. Bush's soft stance on China. There is a minority of people in Washington who try to defend China, and it is well-known that the main one in that crowd is President Bush. However, with the current situation being that Mr. Bush's reelection is imperiled and with Mr. Clinton dominating, one must view as great the possibility of a major change in the U.S. China policy in the near future.

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Meanwhile, even if Mr. Bush were reelected, for example, judging from such movements of military reinforcement centered on the current Chinese Navy, it is a fact that the United States has a strong sense of wariness. It is difficult to estimate at this point if England and France from their individual positions will intensify or weaken their guard against China.

This means that for Japan, the emperor's visit to China and any further commitment to China could in a sense become something that significantly contradicts foreign policy which has placed the relationship with the United States at the center. What is the reason for endangering that and going to China now? The reasons enumerated by Mr. Kakizawa that it is due to an invitation from China or is the 20th anniversary of normalization of relations with China could hardly be called sufficient. The final conclusion could be that it is for the expansion of economic interchange, but is it permissible to take this significant step without detailed analysis of the international political factors mainly for economic reasons? This interview ended with big doubts still unresolved.

Editorial Notes 'Good Image'

OW3110101992 Tokyo ASAHI SHIMBUN in Japanese 28 Oct 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Editorial: "Emperor's New Image Left on China"]

[Text] The Emperor and the Empress are coming home today from their visit to China. The trip may well have been a journey that many Japanese watched with some uneasiness.

For even though the Imperial couple's visit was aimed at promoting goodwill on the 20th anniversary of the normalization of relations between the two countries, it was the first trip by a Japanese emperor, who was regarded as the "symbol of Japanese imperialism" before World War II, to a neighboring country where Japan inflicted great sufferings.

However, their trip appears to have provided an opportunity for the people of China to radically change their view of the emperor and have helped promote mutual understanding.

Reports on the Japanese emperor have long been taboo in China, and the name of the Imperial Army, the Rape of Nanjing and an aggressive image of the Japanese as epitomized by the establishment of a Manchurian state have persisted unchanged in the minds of many Chinese, especially among the elderly.

This time, the media in China played up the remarks by the emperor, who stressed "friendly relations based on mutual trust," and his personality as a scientist specializing in biology and as a person interested in ancient Chinese culture.

And there is no doubt that the emperor and the empress left a new impression on the Chinese through their pictures broadcast on TV. The bright and friendly images they left behind will have a favorable impact on relations between Japan and China for years to come.

At a dinner party given in Beijing, the emperor expressed his sense of Japan's responsibility and regret. He said: "There was an unfortunate period during which my country inflicted great suffering on the people of China. I deeply deplore this."

Though that was not exactly an apology, how that was received by the Chinese can be detected in the words of Chinese President Yang Shangkun: "We are grateful for the emperor's warm words." The Chinese reaction is based on their judgment that it would be going too far if they asked for a more explicit apology on the part of the emperor.

Of course, a mere verbal apology does not atone for the sufferings of victimized people. As President Yang pointedly remarked, it is important "not to forget the past, but to make it a warning for the future and to take the lessons of history to heart." What is important is how the Japanese behave from now on.

Though it is impossible to look into the hearts and minds of individual Chinese, authorities unofficially commented that they were "satisfied" with the result of the visit of the emperor and the empress. While the Chinese may have had other intentions for the visit, the Imperial couple achieved their mission, given the characterization of their trip as "closing a chapter in the history of relations between the two countries."

The Chinese went to unusual lengths in caring for the Japanese figures. For fear of displeasing the Japanese, Chinese media refrained from reporting on the Sagawa Kyubin scandal and asked representatives from the Japanese media visiting China not to interview Chinese citizens directly.

That is proof that the two countries are involved in a special relationship that is not completely free from precariousness. It is hoped that this visit will be a first step toward building bilateral relations that will not be unraveled by speaking frankly.

The visit also provided a good opportunity for the Japanese to ponder Sino-Japanese relations. Given the sentiment toward the Chinese—which was impaired because of the Tiananmen incident—an improvement, if any, in the correct understanding of China on the part of the Japanese through the emperor and the empress' visit is to be welcomed.

The settlement of the problem of an apology should be done by responsible politicians. It is regrettable that some of the problems left over from the last war have not yet been settled nearly half a century after the end of the war. It is necessary for us as a state to come to terms with the problems that linger from the war.

We will be marking the 50th anniversary of the end of World War II in three years. It is hoped that the Diet will adopt a resolution on that occasion, expressing "remorse for that war and a resolve to devote ourselves to peace and international cooperation."

It is also necessary for us not to be negligent of other Asian countries and areas, along with China, such as North and South Korea and Taiwan, which suffered damage wrought by the Japanese.

A trip from the past to the future by postwar Japan has just begun.

Possible Visit to ROK Previewed

OW2910142292 Tokyo MAINICHI SHIMBUN in Japanese 29 Oct 92 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom database]

[Text] On 28 October, a top Foreign Ministry official noted that Japan should take a positive stance toward making preparations for a visit by the emperor to the ROK. He said: "It is not on the agenda, but it would be natural to arrange an imperial visit as soon as the time is ripe for the trip."

The emperor and empress visited Thailand, Malaysia, and Indonesia last fall, their first overseas trip since enthronement, and they are currently on visit to China. After completion of their China visit, the question of when and in what manner they will visit the ROK is now being raised. This visit will be to make an apology for Japan's conduct in the past and to promote friendship and goodwill between the two countries.

As the first member of the imperial family to visit the ROK in the post-World War II period, Emperor Akihito was supposed to go in October 1986 when he was the crown prince; however, this trip was canceled because of Princess Michiko's illness. Following this cancellation, President No Tae-u during his trip to Japan in May 1990 officially requested that the imperial couple visit the ROK.

Miyazawa Seeks Leadership After Takeshita Breakup

OW3110101692 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Oct 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Now that it is obvious that the the Takeshita faction of the Liberal Democratic Party [LDP] has broken up into the Obuchi and Ozawa groups in the struggle for the succession of the faction, Prime Minister Kiichi Miyazawa will be forced to review his stance to leave all party-related affairs to the faction. Miyazawa has already clarified his stance to keep a distance from the Ozawa group by recognzing Keizo Obuchi's inauguration as the new faction chairman. It is believed that Miyazawa intends to secure his leadership by strengthening an alliance of the Mitsuzuka, Miyazawa, and Watanabe factions with participation of the Obuchi group. Nevertheless, it is uncertain if the three factions will maintain strong ties even though each of them has its own strategy for the LDP presidential election's next year. As the public's distrust of politics is still intensifying, the prime minister is likely to encounter difficulties in managing his administration, since he has already lost his power base in a united Takeshita faction.

Right after Miyazawa's recognition of Obuchi's leadership of the faction on 28 October, one of the prime minister's close associates expressed concern over the Ozawa group's attempt to establish a new policy group within the faction, saying: "Since the LDP has nearly 400 Diet members, it is impossible to stop party members from forming some kind of consultative groups among those who have common political stances. But such groups should not disturb party activities and members must not maneuver in their own interests."

In an early stage of the struggle in the Takeshita faction, Miyazawa decided to entrust Diet policy management for the next extraordinary Diet session to LDP Diet Affairs Committee Chairman Seiroku Kajiyama of the Obuchi group. Moreover, he warned Finance Minister Tsutomu Hata, who is a faction chairman candidate supported by the Ozawa group, not to engage himself too much in faction-related activities. It is generally believed that these actions by the prime minister are signs of his support for the Obuchi group.

Meanwhile, Miyazawa has been meeting since early October with influential party leaders, including former Prime Minister Yasuhiro Nakasone and faction leader Hiroshi Mitsuzuka. On 21 October, the prime minister met with Vice Prime Minister and Foreign Minister Michio Watanabe and reconfirmed that they "share each other's fates." It appears that Miyazawa is seeking an exodus from the "Takeshita ruling faction", towards a "three-and-a-half-faction alliance" of the Mitsuzuka, Miyazawa, Watanabe factions, with the Obuchi Group to strengthen his administration's leadership.

So far, the 3.5-faction alliance functions just as Miyazawa wished. This is because LDP members are concerned that, "if former LDP Secretary General Ozawa becomes the leader of the Takeshita faction, the 'Ozawa ruling faction' over the party will become more severe than the current 'Takeshita ruling faction'" (as noted by Miyazawa faction members). However, members from these factions have doubts about the stability of the 3.5-faction alliance for the future.

Obuchi Interviewed on Takeshita Faction

OW2910065592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Oct 92 Morning Edition—FOR OFFICIAL USE ONLY

[Interview with Keizo Obuchi, newly elected chairman of the Takeshita faction of the Liberal Democratic Party [LDP], by unidentified NIHON KEIZAI SHIMBUN reporter on 28 October; place not given; received via Nikkei Telecom database]

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Daily Report

East Asia

FBIS-EAS-92-212
Monday
2 November 1992

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UN Environmental Symposium Held in Osaka

OW2710074292 Tokyo KYODO in English 0439 GMT 27 Oct 92

[Text] Osaka, Oct. 27 KYODO—More than 400 delegates from Japan and overseas began four days of deliberations Tuesday [27 October] on environmental cooperation and technology transfers between developed and developing countries.

The symposium on the transfer of environmentally sound technology is being held to mark the establishment by the United Nations Environment Program (UNEP) on Friday of international technology centers in Osaka and in Kusatsu, Shiga Prefecture.

Delegates will discuss the purpose and operations of the two UNEP centers in Japan and their role in solving environmental problems in developing countries.

After a plenary session on Tuesday, delegates will hold separate subcommittee meetings on Wednesday in Osaka and Otsu, near Lake Biwa. They will return to Otsu on Thursday.

The two centers will specialize in research and distribution of information and technology on environmental preservation to developing countries.

The Osaka branch will concentrate on the problems of pollution in major cities and the Kusatsu branch will deal with the maintenance of freshwater lakes and marshland.

UNEP Deputy Executive Director Anthony Brough said in a keynote speech that advanced and developing countries cannot hope to look after the ozone layer only over their own territory.

The U.N. General Assembly set up the Nairobi-based UNEP in 1972 to direct and coordinate environment programs. It has played a major role in the adoption of international agreements to protect the global environment, including the 1989 Basel convention on the control of hazardous wastes and their disposal, and the 1973 convention on international trade in endangered species of wild fauna and flora.

Singapore Hosts International Drug Meeting

BK3010070892 Hong Kong AFP in English 0635 GMT 30 Oct 92

[Text] Singapore, Oct 30 (AFP)—Countries that have seized assets of convicted drug trafficers should channel them back to producing states like Burma to wean growers from poppies to other cash crops, a Thai narcotics official said here.

Chaowalit Yotmani, the secretary-general of the Office of the Narcotics Board who is here for a drug control seminar which ended Friday, told AFP that Burma needed support and understanding because it was too poor to help itself.

"Burma is not making profits from opium production," he said, adding, "bring back the assets seized to help them develop a better standard of living so that people don't have to rely on growing poppy for a living."

Experts at the seminar, which brought together drug control officials from Southeast Asian countries, France, Australia, the United States and Canada, said the drug problem still loomed large.

"The picture is grim. Estimates show that production is not declining," said Sim Poh Heng, director of Singapore's Central Narcotics Bureau.

The biggest problem is in Burma, where opium production is estimated to range from 300 tonnes to 2,300 tonnes, but Rangoon is receiving little foreign aid to wipe out poppy cultivation because of alleged human rights abuses.

Lieutenant-Colonel Kyaw Thein, a member of the law enforcement sector of Burma's Central Committee for Drug Abuse Control, said foreign aid had trickled down since the 1988 clampdown on pro-democracy demonstrators.

"Without assistance a country cannot do much...this is not a political issue. You have to set aside politics, the earlier the better," Kyaw Thein said.

He said Burma was getting help from Thailand to train its enforcement officers but the training had to be financed by a third party.

"So far we have only received 10,000 to 20,000 U.S. dollars from the United Nations International Drug Control Programme (UNDCP) to finance the training. Sometimes it is frustrating but we do not lose faith," Kyaw Thein said.

Sources at the seminar said that Western countries which were unable to help Rangoon outright had encouraged the UNDCP, which was set up in 1991, to go into Burma.

But William Beachner, the UNDCP regional director in Bangkok, said the programme also did not have enough funds for all the problems it had to deal with.

"Many of the things we do are on a pilot basis to show people what they can do," Beachner said.

Western experts at the seminar said that although development aid was one of the ways to eradicate poppy cultivation, the problem would not be eliminated until Rangoon took steps to accommodate insurgents in the hills where poppy is grown.

Laos and Vietnam, which have several crop substitution projects and law enforcement training programmes sponsored by the UNDCP and several countries including the United States and Britain, are also seeking more aid.

"We are thinking of setting up a specialised unit for law enforcement and need funds," said Thao Bounmi Bounkham, the permanent secretary of the Lao Commission for Drug Control.

Vietnam needed more money for crop substitution and to equip its police force, said Colonel Le The Tiem, director General of the Peoples' Police of Vietnam.

Chaowalit said opium-producing countries had to help themselves first by drawing up development plans after which developed countries should step forward to assist and bank-roll the projects proposed.

"If we just talk and nothing happens things will go on for another 20 years," he said.

"Development is needed because people who grow poppy are poor. If they can find alternative crops and have a better life they will get rid of drugs. We have shown that it can be done in Thailand," Chaowalit added.

ASEAN-EC Ministerial Meeting Held in Manila

Market Integration on Agenda

HK2910061192 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 29 Oct 92

[Text] The effects of market integration among the 12 countries of the EC [European Community] are part of the agenda to be discussed at the 10th ASEAN-EC ministerial meeting which started today.

Foreign Affairs Secretary Roberto Romulo said delayed negotiations regarding the GATT and the NAFTA [North American Free Trade Agreement] shall finally be pushed through. He added the integration of the European market is a big challenge and will effect big economic opportunities for the country.

Romulo added that products exported by the Philippines to Europe comprise 18 percent of the total exports of the country. ASEAN ministers will also urge their EC counterparts to separate the issue of human rights and the environment from the issue of economic cooperation. This is in view of the firm criticism of the EC regarding human rights violations in East Timor in Indonesia as well as forest denudation in ASEAN countries like Malaysia and the Philippines.

German Minister Previews Talks

LD3010101192 Hamburg DPA in German 1411 GMT 29 Oct 92

[Text] Manila (DPA)—Federal Foreign Minister Klaus Kinkel and the new president of the Philippines have underlined the "very good state" of relations between Bonn and Manila. Coming from Pakistan, Kinkel landed in the Philippines on 29 October as part of his first trip to Asia as foreign minister. Kinkel will participate in tomorrow's one-day meeting of the EC foreign ministers with representatives of the ASEAN states.

After talks with Ramos and Philippine Foreign Minister Roberto Romulo, Kinkel said the East Timor issue may "not be such a small problem" in the talks. Portugal is blocking negotiations on a new agreement on cooperation between the EC and the six ASEAN countries—Indonesia, the Philippines, Thailand, Malaysia, Singapore, and Brunei—to protest the November 1991 massacre of participants at a protest demonstration in East Timor by Indonesian soldiers. Indonesia annexed the former Portuguese colony of East Timor in 1975.

Kinkel said the ASEAN countries are disappointed that British Foreign Secretary Douglas Hurd, who is under political pressure at home, will not come to Manila until 30 October. Hurd was originally to have opened the meeting of the EC and ASEAN foreign ministers on behalf of the EC because Britain currently holds the EC presidency.

The foreign ministers of Germany, Denmark, Belgium, Luxembourg, Portugal, and the Netherlands sat down with their six ASEAN counterparts for an informal exchange of views at a working dinner in Manila today. It became clear to him, Kinkel said afterward, that the self-confident ASEAN region was "not a market into which Europe had an automatic line."

The ASEAN countries want to receive assurances from Europe that the EC internal market which comes into force on 1 January 1993 will remain open to ASEAN exports. After Japan and the United States, the EC region is the ASEAN states' third-largest foreign trade partner.

EC Urged To Keep 'Doors Open'

HK3010133992 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 30 Oct 92

[Text] President Ramos today appealed to the 12 members of the EC to keep their doors open to other Asian countries when they establish a unified European market. Ramos also stressed during his speech at the 10th ministerial meeting of ASEAN and the EC ASEAN's continuing to have access to the world market. The president explained that his administration is moving toward removing tariff and other trade restrictions to be able to compete in the global market. He also said his government has taken steps to improve economic conditions in the Philippines. He cited the liberalization of foreign exchange and the giving of incentives to foreign investors.

Ramos Urges Forest Conservation

HK3010060292 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 30 Oct 92

[Text] President Fidel Ramos emphasized the need for the European Community and the Association of South East Asian Nations to continue its efforts to conserve the forests within ASEAN. The president said this during his speech before the 10th EC-ASEAN ministerial meeting at the Manila Hotel. He also asked all member countries to stop releasing carbon [as heard] into the atmosphere, since it is one of the primary air pollutants, and to reduce their export of timber and foster forest conservation. He also called on the EC to allot sufficient funds to help ASEAN nations to conserve their forest resources.

EC's Wood Rules Cause Concern

BK3010104692 Kuala Lumpur BERNAMA in English 0957 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—Malaysian Foreign Minister Abdullah Ahmad Badawi has voiced ASEAN concern over regulations and administrative procedures adopted by local authorities in some European Community (EC) countries to discourage the use of tropical timber.

ASEAN was equally concerned over calls for eco-labelling legislation on tropical timber in certain EC countries, particularly Britain, the Netherlands, Germany, and Denmark, he told the 10th ASEAN-EC ministerial meeting in Manila.

A statement from the Malaysian Secretariat [as received] in Manila said Abdullah conveyed ASEAN's call to the EC members to reject such moves and continue to work together with the tropical timber producing countries.

Abdullah noted that certain local authorities in some EC countries discouraged the use of tropical timber in their building construction and public works projects, it added.

In his intervention at the meeting, Abdullah said ASEAN would like the EC to ensure that conditionalities were not imposed ostensibly on environmental factors.

Abdullah also expressed ASEAN's deep regret on the Austrian legislation against tropical timber which he described as "discriminatory" since it merely targetted tropical timber without covering temperate softwoods which accounted for more than 75 percent of the world total trade in timber.

The Austrian action had created a new non-tariff barrier which was trade distortive, he said.

He added: "the action also does not reflect the spirit of the International Tropical Timber Agreement (ITTA) which seeks to promote co-operation and consultation among the signatories, including Austria."

Abdullah pointed out that Austria's action ran counter to the guidelines set by the International Tropical Timber Organisation (ITTO).

He said "coming soon after the earth summit, it goes against the grain of the non-legally binding statement of principles and all types of forests, especially on clause 13 and 14 which calls on all countries to avoid taking unilateral action and discriminatory measures that impede trade in timber products."

Warning that the Austrian move could trigger retaliatory measures from tropical timber countries, he added "if this indeed happens, Austria must be held responsible."

Declaration Agrees on Economic Cooperation

HK3010024592 Manila THE CHRONICLE in English 30 Oct 92 pp 1, 7

[Report by Johanna Son]

[Text] The Association of Southeast Asian Nations (Asean), keen on strengthening its economic links with the European Community (EC) in the face of an emerging single European market, is coming out today with a joint declaration that would assure expanded cooperation with the EC.

Agreement between the EC and Asean on new areas of cooperation was reached despite the absence of a new, formal accord.

Ministers of the two groups met yesterday to review a joint declaration on economic and political issues, at a time when the EC is busy setting up a unified market in the continent.

Asean hopes to get a firm commitment from the EC that it will not shut out Asean as competing regional blocs emerge.

A new cooperation agreement updating the 12-year-old one has been opposed by EC member Portugal in protest of Indonesia's alleged human-rights violations in East Timor.

The EC had originally agreed on three "points for enhanced cooperation," but high-ranking sources said it had already agreed to a fourth one in the run-up to the Asean-EC ministerial meeting.

Asean had wanted the four areas included in the new accord with the EC, but they will instead be put in the declaration Asean and EC ministers are to issue today.

The four areas are:

—Setting up regular consultations on trade matters, which would be done by the Asean-EC Trade Experts Meeting that has met only three times so far.

—Extending the operation in the Asean area of the European Investment Bank, which should attract more European investments in the region.

—The EC's attention emphasis on industrial cooperation with countries outside its fold, which eases Asean's worries that the EC lacked support for complementarities.

—Allowing Asean institutions possible access to research and development programs, at the same time urging protection of intellectual property rights.

The last item was recently added, prompting a key foreign official to remark: "It seems we are getting the things we asked for."

Asean's request and the focus of Asean-EC discussions over the past few days appear to concentrate on boosting trade ties and attracting investments into the region, and away from ties anchored just on aid.

Although the new cooperation agreement—which Asean has pointed out is the same one EC has with other trade partners—was not on the agenda, sources said Asean wanted it clear in the joint declaration that the accord was not dead.

Sources said they expected the declaration to say that a new accord would nevertheless be "under review."

Underlying the discussions were Asean's concern that, while the EC was the second biggest source of direct investments in Asean in 1989, there still was room for improvement.

The sources added that Asean officials want more European investments that would have industrial complementarities and would involve transfer of technology.

Other discussions touched on the EC's General System of Preferences (GSP) scheme, which has helped increase and channel Asean exports of manufactured goods. Asean wants the GSP to cover items classified as "sensitive" and which are subject to quotas.

Asean officials believe the EC may not agree outright to their proposal, because some 42% of Asean exports to EC received GSP treatment in 1989, out of 58% eligible for duty benefits under the scheme.

Asean and EC ministers, sources explained, are discussing a commitment to open their markets to one another, exchange more information useful to their businessmen and for the EC to provide more information on the single European market.

They also discussed the need to continue improving the trade investment climate in Asean through, among other things, the protection of investments and intellectuals property rights.

As of 1989, the EC was Asean's third-largest trading partner after Japan and U.S., the second-largest source of direct investments, and the second source of official development assistance.

Asean officials, sources said, stress that region's exports to the EC have grown faster than its exports to any other market. Similarly, EC's exports to Asean have also grown at a rate faster than that to any other region in the world.

Meeting Ends; Increased Trade Pledged

HK0111022192 Quezon City ABC-DWET Television in English 1300 GMT 30 Oct 92

[From the "ABC-DWET News Program"]

[Text] Foreign ministers of the European Community and the ASEAN have concluded their 10th ministerial meeting with commitments to improve market access between them. Over $50 billion worth of goods and services are exchanged each year between the two regional blocs.

The ministers pledged to establish more business information centers and investment networks. These mechanisms will allow businessmen from Europe and ASEAN to learn more about trade and investment opportunities.

European ministers also said by 1994 they will be open to discussions on the generalized systems of preferences.

ASEAN Investment Scheme Made More Attractive

BK0211022692 Bangkok BANGKOK POST in English 2 Nov 92 p 30

[Text] In an attempt to promote intra-ASEAN investment, member countries have agreed to amend the regulations and incentives of the ASEAN Industrial Joint Venture (AIJV) scheme to increase its attractiveness.

Under the new concept, each ASEAN member will impose only 0-5 percent import tariffs on AIJV products, instead of granting the minimum margin of tariff preference at 90 percent of the current tariff as the scheme had previously worked.

The new system, which was agreed to by six ASEAN economic ministers, is aimed both at strengthening the investment climate and supporting the ASEAN Free Trade Area (AFTA) scheme which starts at the beginning of next year.

The AIJV scheme was initiated in 1980 to encourage the private sector to expand investment in the region.

AIJV projects involve equity participation from two or more ASEAN countries. Other countries may choose to opt out of any project but their product then does not enjoy preferential tariffs.

Foreign investment participation is also allowed, with the maximum foreign equity participation originally set at 60 percent.

But since the scheme was initiated the progress of industrial cooperation has been modest, with only 21 projects approved and only 14 currently at any stage of development.

An informed source in the Industry Ministry told BUSINESS POST the new AIJV regulation would be consolidated with the Common Effective Preferential Tariff (CEPT) scheme, the main mechanism by which the AFTA will operate. The AFTA scheme is aimed at reducing import tariffs among ASEAN countries to 0-5 percent over a 15-year period, starting in January 1993.

In the past, although the AIJV scheme provided the special tax reduction, known as minimum margin of preference (MOP), the system was not practical because of the large differences between the level of import tariffs among ASEAN countries on each AIJV product.

And apart from the 90 percent MOP incentive, AIJV projects had no significant advantage over other joint investment projects, because foreign investors from outside ASEAN could also enjoy investment promotional privileges in all ASEAN countries.

The source said the three-year period of investment protection provided for AIJV projects, aimed at preventing competition from similar new projects, would be lifted to comply with the trade liberalisation principle of AFTA.

The regulation which requires ASEAN partners to hold a minimum 40 percent-share in AIJV project will remain, but a requirement that an ASEAN country must hold at least 5 percent of the shares will be enforced for only four years after the operation starts.

The ASEAN shareholder may reduce its participation to less than 5 percent in the fifth year.

Under the new regulation ASEAN countries which do not join the project will benefit from special tax reductions only when they decrease their tariff to 0-5 percent. Otherwise they will have to wait until after the AIJV project has been operational for eight years.

The source said this new regulation would attract ASEAN members to join AIJV projects from the start, while would help to strengthen AFTA.

ROK Urges Closer Cooperation Among Banks

SK2610043692 Seoul YONHAP in English 0236 GMT 26 Oct 92

[Text] Seoul, Oct. 26 (YONHAP)—South Korean Finance Minister Yi Yong-man said Monday that closer cooperation among banking institutions of the Asia and Pacific countries is needed for a sustained regional economic prosperity.

In opening remarks to the general meeting of the Asian Bankers Association (ABA), Yi said that the Asia and Pacific countries should step up their efforts for mutual cooperation toward a long-term prosperity.

"The more developed countries in the region should share the responsibility in assisting the economic development of the less developed countries for our common economic prosperity," Yi said.

He urged the leading ABA member countries to renew their efforts for further economic cooperation, particularly in the banking and financial fields.

Yi said that Korea was increasing its contribution to the international community, and would continuously make efforts to pursue economic development and financial cooperation among member countries.

Korea will implement further financial liberalization measures such as deregulation of interest rates and bond market opening gradually in accordance with the nation's economic situation, Yi said.

Yi Hyong-ku, governor of Korea Development Bank, said that a new world trend such as the North American Free Trade Agreement would exert considerable pressure on the outward-oriented development strategy of the Asia and Pacific economies.

The world economy will eventually reach a stage of free competition, Yi said, stressing that the Asian financial institutions must reshape their functions and roles to survive the new international economic environment.

Korea Development Bank is hosting the two-day seminar. Some 200 delegates from 23 Asia and Pacific nations is taking part in the gathering to discuss ways of regional cooperation.

Nations Agree To Strengthen Agricultural Ties

SK2810045092 Seoul YONHAP in English 0216 GMT 28 Oct 92

[Text] Tokyo, Oct. 28 (YONHAP)—Farm leaders of South Korea, Japan and Taiwan have reaffirmed their determination to oppose the opening of their domestic markets to foreign rice and agreed to boost farm trade among themselves.

The agreement came at a meeting Tuesday afternoon of representatives of the three Asian countries who had attended the 30th conference of the International Cooperative Alliance (ICA) here Monday.

Han So-sun, chairman of the National Agricultural Cooperative Federation of Korea, told reporters that the three nations had decided to strengthen their cooperative systems and try to induce China and North Korea into the Far East Agricultural Cooperative Organization.

The three also agreed to hold seminars and other forms of meetings to discuss topics of common concern including the shortage of farm workers and erosion of farm land.

Han said he met with his counterpart from Taiwan separately and agreed to promote private-level cooperation by stepping up exchanges of cooperative officials, managers and other members.

South Korea and Taiwan severed diplomatic relations two months ago, after Seoul established formal ties with Beijing.

Burma, Laos, Cambodia Agree to Environmental Pact

BK3110032692 Bangkok THE NATION in English 31 Oct 92 p A2

[Text] Thailand's wildlife may soon be more protected from illegal trade as yesterday Burma, Laos, and Cambodia announced that they were willing to join the Convention on International Trade in Endangered Species (CITES) of wild fauna and flora at the first Asia regional meeting in Chiang Mai.

This was welcomed as a step forward for wildlife protection in Indochina by the secretary-general of Wildlife Fund in Thailand, Phisit na Patthalung. "This is a huge benefit to us. We have the same wildlife and much the same habitat as our neighbours. Our borders are only hills and canals, if we don't protect the environment of this cluster of countries we lose everything," he said.

With CITES regulations as a common tool, smuggling across the borders should be easier to control, said Phisit.

Currently, the international wildlife trade is second only to the drug trade in terms of income, said Phisit.

Japan

Chinese Arrested for Alleged Illegal Immigration

OW3110051792 Tokyo KYODO in English 0432 GMT 31 Oct 92

[Text] Wakayama, Oct. 31 KYODO—Police have arrested 11 Chinese suspected of illegally entering or staying in Japan, local law enforcement officials said Saturday.

The suspects, ranging in age from 21 to 35, allegedly violated the Immigration Control and Refugee-Recognition Act, the officials said.

Eight of the 11 suspects landed on a beach in Wakayama city on June 27 after departing from Fujian Province, and the other three had overstayed their tourist visas, the officials said.

In July, immigration officials stormed the suspects' hiding places in Tokyo and Gifu, central Japan, the officials said.

A survey released by the National Police Agency in September said 836 foreigners broke the Immigration Control and Refugee-Recognition Act over a period between January and the end of June 1992, a 20.5 percent increase from the same period last year.

The agency said the rise in the number of illegal Chinese immigrants, mostly from Fujian Province, has been especially conspicuous. While only two such incidents were reported in all of 1991, in January to August of this year police arrested 150 Chinese suspected of violating the law.

Tokyo Said Set for Fishery Accord With ROK

OW3110094092 Tokyo KYODO in English 0859 GMT 31 Oct 92

[Text] Tokyo, Oct. 31 KYODO—Japan has presented to South Korea a final plan on a fishery demarcation in waters around four Russian-held northern islands, a move that is expected to pave the way for conclusion of bilateral fisheries negotiations, government sources said Saturday.

The sources said the negotiations which continued off and on may now be concluded in early November at the earliest.

They said both sides agreed not to exchange official documents confirming the demarcation.

The four islands situated between Japan's northernmost main island of Hokkaido and the Kuril Islands are claimed by Japan.

The sources said the final proposal prepared by Japan calls for the South Korean Government to respect the demarcation and restrain the operations of South Korean fishing boats in the area.

Since Seoul has already agreed to regulate fishing operations by South Korean vessels, Japan will not seek a written document confirming the demarcation line, the sources said.

South Korea earlier wanted a simple demarcation line to make it easy to regulate operations by its fishermen while Japan insisted on a precisely drawn demarcation around each of the four disputed islands in anticipation of Russia's return of the islands to Japanese rule in the future, the sources said.

They said copies of the agreement to be delivered to Russia will not show the demarcation line agreed on by Japan and South Korea.

ROK's Yi Sang-ok: Emperor's Visit Desirable

SK3110093292 Seoul YONHAP in English 0918 GMT 31 Oct 92

[Text] Tokyo, Oct. 31 (YONHAP)—South Korea is trying to realize Japanese Emperor Akihito's trip to Korea as early as possible, a Japanese daily quoted Korean Foreign Minister Yi Sang-ok as saying in its Saturday edition.

Yi who visited Japan to attend an international conference on the assistance to the former Soviet republics told the YOMIURI SHIMBUN that it was desirable for the Japanese emperor to visit South Korea in the near future.

The Korean foreign minister who returned home Friday also hoped that Korea and Japan could form a favorable atmosphere to welcome Akihito's Korean visit, YOMIURI said.

Reaction to Russian Document on Foreign Policy

OW3110165392 Tokyo KYODO in English 1639 GMT 31 Oct 92

[Text] Moscow, Oct. 31 KYODO—Russia will not regard the conclusion of a peace treaty with Japan as a condition to strengthened bilateral relations, the Russian INTERFAX news agency reported Saturday.

Quoting a Foreign Ministry's document titled "On Concept of Foreign Policy," INTERFAX said Moscow will seize every opportunity to talk Japan out of its policy of linking political issues to economic issues.

Tokyo and Moscow remain at loggerheads over four Russian-held islands off Japan's northernmost main island of Hokkaido, which the former Soviet Union seized at the end of World War II.

Japan demands the return of the islands of Etorofu, Kunashiri, Shikotan and the Habomai group of islets as a prerequisite for full-scale economic assistance to Russia and conclusion of a bilateral peace treaty.

In Tokyo, a Japanese Foreign Ministry official commented on the INTERFAX report, saying that he envisages no major foreign policy shift by Russia vis-a-vis Japan.

The Japanese official said when Japanese Foreign Minister Michio Watanabe met his Russian counterpart Andrey Kozyrev in New York in late September, they agreed to pave the way for visits to Japan by Kozyrev and eventually by Russian President Boris Yeltsin.

The two foreign ministers met to grope for ways to improve bilateral ties strained by Yeltsin's last-minute cancellation of a visit to Japan planned for mid-September.

The document also called on Russia to try to resolve the territorial quarrel, saying, "real progress on the Russian-Japanese relations can be reached only following some movement in solving the territorial problem," the news agency said.

The bilateral relationship should be considered from a global perspective due to Tokyo's role as a member of the Group of Seven (G-7) major industrial nations, INTERFAX quoted the document as saying.

"Today the absence of a peaceful settlement with Japan looks not only like a survival of the cold war times and confrontation, but like an obstacle in the process of practical cooperation of Russia with developed countries of the world," the document reportedly said.

Miyazawa Tells SDF To Take Pride in PKO Role

OW0111030892 Tokyo KYODO in English 0239 GMT 1 Nov 92

[Text] Tokyo, Nov. 1 KYODO—Prime Minister Kiichi Miyazawa told Self-Defense Forces (SDF) personnel Sunday to be proud of their participation in United Nations-led peacekeeping activities in Cambodia.

Addressing an annual SDF inspection ceremony at the Ground Self-Defense Force range in Asaka, Saitama Prefecture, Miyazawa said, "On the implementation of international peace cooperation operations I expect you would aim at perfection of the mission by using experience and knowledge with pride and a sense of mission under strict discipline and strong solidarity."

He said Japan has a responsibility to actively take part in building a new order of world peace, acting as a nation that has adhered to pacifism since the end of World War II and has become an economic superpower.

Pointing out that public understanding and support are essential for the SDF to fulfill its mission, Miyazawa told SDF personnel to do their best in peacekeeping activities in Cambodia and in disaster relief activities.

He added that a majority of Japanese people now have a high evaluation of the SDF and have great expectations and trust in it.

Turning to Japan's defense policy, the prime minister said Japan should devote itself to an "exclusively defensive posture" under the Constitution and "follow the basic idea that it will not become a military superpower which would pose a threat to other countries."

Miyazawa later inspected a parade of some 4,000 SDF personnel and tanks with Defense Agency Chief Sohei Miyashita.

Mori Remarks on Takeshita Testimony on Mob Ties

OW3110002392 Tokyo KYODO in English 0005 GMT 31 Oct 92

[Text] Tokyo, Oct. 31 KYODO—Former Prime Minister Noboru Takeshita will appear before the Diet as a sworn witness, if necessary, to testify on his alleged ties with a gang leader, Japan Broadcasting Corp. (NHK) reported Saturday, quoting a ruling party leader.

NHK reported that Yoshiro Mori, chairman of the ruling Liberal Democratic Party's Policy Affairs Research Council, made the remark in a program which was videotaped Friday and was to be broadcast Sunday.

Mori said on the program that Takeshita is prepared to give his testimony to the Diet's Political Ethics Council on a gang boss' alleged role in helping him become prime minister in 1987.

On Tuesday [27 October], Takeshita expressed readiness to publicly comment on the allegations.

The late Inagawa-kai syndicate boss Susumu Ishii allegedly helped Takeshita become LDP president by stopping a right-wing group's harassment campaign. The ruling party presidency carries with it the premiership.

Opposition parties have demanded that Takeshita testify as a sworn witness in the Diet.

The political ethics council was established in December 1985 in the wake of the Lockheed payoff scandal in which former Prime Minister Kakuei Tanaka, Takeshita's former mentor, was implicated.

But the council has not held a single meeting since its inception.

Opposition: More LDP Members Linked With Gangs

OW3110130492 Tokyo KYODO in English 1250 GMT 31 Oct 92

[Text] Kagoshima, Oct. 31 KYODO—An opposition party leader claimed Saturday other senior officials of the ruling Liberal Democratic Party (LDP) are suspected of being involved in overtures to a crime syndicate to help elect former Prime Minister Noboru Takeshita.

Keigo Ouchi, chairman of the Democratic Socialist Party (DSP), said, "our investigations showed that a plural number of senior LDP officials were involved in the affair."

Ouchi told a news conference the names of those people have to be disclosed in the Diet by Takeshita and retired LDP kingpin Shin Kanemaru.

He said his party resolutely demands Kanemaru and Takeshita testify before the House of Representatives Budget Committee as sworn witnesses. Other opposition parties have made similar demands.

Kanemaru is alleged to have asked through an intermediary the leader of a powerful underworld group to help stop a harassment campaign by an ultrarightist organization opposing the election of Takeshita as LDP president and prime minister in 1987.

Ouchi said the DSP has no intention of seeking their testimony at the expense of the passage of a supplementary budget, which is a priority issue at the current extraordinary Diet session.

Referring to the power struggle within the LDP's largest faction formed by Takeshita, Ouchi said it is on the brink of collapse, which may lead to a political reorganization.

Opposition Agrees To Cooperate on Elections

OW0111090292 Tokyo KYODO in English 0845 GMT 1 Nov 92

[Text] Tokyo, Nov. 1 KYODO—Two minor opposition parties, the Democratic Socialist Party [DSP] and Japan New Party [JNP], have agreed to cooperate on national elections and also on Diet business, political sources said Sunday.

DSP Chairman Keigo Ouchi and JNP leader Morihiro Hosokawa reached the accord in a mid-October meeting.

Ouchi and Hosokawa saw eye to eye on cooperating in the Tokyo metropolitan assembly election set for next July and the next general elections for the House of Represenatives, expected to be called next year.

The DSP, the country's No. 4 opposition party, holds 13 of the 512 seats in the House of Representatives and 11 in the 252-seat second chamber, the House of Councillors.

The JNP, which was established soon before the July elections for the upper house, maintains four seats in the second chamber but none in the lower house.

The United Social Democratic Party (USDP), which holds four seats in the lower house, last week established a joint parlimamentary front with the leading opposition party, the Social Democratic Party.

721 Local Assemblies Demand Scandal Investigation

OW2910182592 Tokyo KYODO in English 1404 GMT 29 Oct 92

[Text] Tokyo, Oct. 29 KYODO—An increasing number of local assemblies have adopted resolutions demanding a thorough investigation of the Tokyo Sagawa Kyubin scandal despite kingpin Shin Kanemaru resigning from the Diet, a KYODO News Service survey showed Thursday.

The local assemblies, including prefectural, municipal and town administrations, totaled 721 as of Thursday, compared with 587 recorded in a previous KYODO survey October 8, it said.

KYODO conducted the surveys to gauge the reactions of local governments to the scandal involving Kanemaru and alleged links between former Prime Minister Noboru Takeshita and a gang syndicate boss.

The survey also found the Yamanashi and Shimane prefectural assemblies rejected resolutions to demand clarification of the scandal.

Former ruling Liberal Democratic Party (LDP) Vice President Kanemaru, 78, comes from a House of Representatives constituency in Yamanashi Prefecture, while Takeshita, 68, is an LDP lower house member from Shimane Prefecture.

Among local assemblies who accused Takeshita by name of the alleged yakuza [organized crime] connection were Mishima Municipal Assembly in Shizuoka Prefecture, Tajimi Municipal Assembly in Gifu Prefecture and Kasumi Town Assembly in Hyogo Prefecture, the survey said.

The survey quoted Mishima as saying in a resolution the allegations about Takeshita show "his lack of basic morals as a politician."

Besides accusing Takeshita and Kanemaru, five local assemblies criticized Prime Minister Kiichi Miyazawa for being hesitant in dealing with scandal.

Kanemaru, who in 1990 received an illegal 500 million yen donation from Hiroyasu Watanabe, then president of Tokyo Sagawa Kyubin Co., paid a fine last month of 200,000 yen without being questioned or standing trial.

The late Inagawa-kai syndicate leader Susumu Ishii is alleged to have indirectly helped Takeshita become prime minister in 1987 by stopping a right-wing group's harassment campaign.

Private Panel Proposes Political Funds Committee

OW0111090092 Tokyo KYODO in English 0839 GMT 1 Nov 92

[Text] Tokyo, Nov. 1 KYODO—A nongovernmental forum has called for enactment of an Anticorruption

Law and establishment of a watchdog body on fundraising activities to help prevent a recurrence of money-related political scandals.

The set of two proposals noted an urgent need to make political funding activities more transparent, to tighten punishments for funding irregularities, and to strengthen the watchdog system.

The proposals, compiled by the nongovernmental political reform council, follow growing public distrust in politicians in the wake of the Tokyo Sagawa Kyubin scandal which led to the downfall of Liberal Democratic Party kingmaker Shin Kanemaru. Members of the forum include business executives, labor leaders, and journalists.

Kanemaru paid 200,000 yen in fines last month after being convicted of violating the political funds control law for illegally taking 500 million yen from the defunct delivery firm.

Kanemaru, who once demonstrated enormous political clout as head of the governing party's largest power bloc, retired from the political world last month after he resigned as a member of the House of Representatives.

The panel, chaired by Masao Kamei, an adviser to the Japan Federation of Employees' Associations (Nikkeiren), proposed the introduction of a system in which eligible voters could bring forth civil lawsuits to invalidate elections of candidates found to have committed violations.

The forum also proposed the establishment of an independent semi-judiciary committee on political funds, which would have the authority to file complaints with judiciary authorities.

It also pointed the need to reform Japan's overall political and administrative systems, such as the electoral and Diet systems.

To ensure transparency of political funding activities, the forum proposed a ban on provision and receipt of political funds in cash form.

It instead suggested the use of accounts in financial organizations, offering and accepting funds through political groups, and requiring that all donations of more than 10,000 yen be reported.

The private council, which was formed after a package of political reform bills was killed last fall in the Diet, said it plans to draft an outline on political reform by the end of the year.

Miyazawa, Mitsuzuka Agree To Promote Reform

OW0211090592 Tokyo KYODO in English 0855 GMT 2 Nov 92

[Text] Tokyo, Nov. 2 KYODO—Prime Minister Kiichi Miyazawa and Hiroshi Mitsuzuka, leader of the second largest faction in the ruling Liberal Democratic Party (LDP), agreed on Monday to cooperate in promoting political reforms, expected to be delivered during the current extraordinary Diet session, faction officials said.

Miyazawa and Mitsuzuka, former chairman of the LDP Policy Affairs Research Council, made the agreement amid the current feud between two rival groups in the LDP's largest faction, founded by former Prime Minister Noboru Takeshita.

Mitsuzuka, leading his 74-member faction, asked Miyazawa to press ahead with the introduction of a political system centered on single-seat constituencies across Japan, political sources said.

The two leaders also reportedly discussed a cabinet reshuffle and the party leadership changes expected to be implemented early in December, the sources said.

Miyazawa's meeting with Mitsuzuka followed the prime minister's separate talks with former Secretary General Keizo Obuchi, and with LDP Secretary General Tamisuke Watanuki, party Executive Council head Koko Sato and Policy Affairs Research Council head Yoshiro Mori, party officials said.

The feud between the two groups in the 109-member Takeshita faction, one under Obuchi and the other led by former LDP Secretary General Ichiro Ozawa, has resulted from Obuchi's succession as faction leader following the resignation of Shin Kanemaru as LDP vice president in August because of his involvement in the Tokyo Sagawa Kyubin scandal.

Kanemaru also resigned as Diet member in October after his summary conviction for illegal fund receiving in the scandal.

Ozawa, rejecting Obuchi's accession as faction head, is supporting incumbent Finance Minister Tsutomu Hata as faction leader.

Government Fiscal Outflow Outstrips Inflow

OW0211091492 Tokyo KYODO in English 0728 GMT 2 Nov 92

[Text] Tokyo, Nov. 2 KYODO—The government posted a 2,057.1 billion yen net outflow of funds into the private-sector in October, compared with a net inflow of 1,358.1 billion yen a year earlier, the Ministry of Finance said Monday.

On the general account, October's income—mainly from taxes and the issuance of government bonds—amounted to 3,410.4 billion yen, while the budgetary payments totaled 2,982.5 billion yen.

The government also recorded a 3,799.9 billion yen net outflow of money from the general account during the month, compared with a 875.1 billion yen net outflow in the same month the previous year.

With other miscellaneous inflows and outflows of funds, the money that left the government coffers to flow into the private sector outstripped the amount of money moving in the opposite direction by 2,057.1 billion yen.

A ministry official said that among the factors which boosted the net flow of funds into the private sector were an increase in investments using capital in the ministry's fund management bureau, and slowing growth of the amount of money being shifted into postal savings accounts from the private sector.

The ministry expects a 1,273.0 billion yen of net outflow of funds into the private sector in November.

More Stringent Scrutiny Planned for Listings

OW0211091392 Tokyo KYODO in English 0900 GMT 2 Nov 92

[Text] Tokyo, Nov. 2 KYODO—Japan's securities industry is moving to stiffen its scrutiny on companies willing to go public on the Over-The-Counter (OTC) market, industry sources said Monday.

The sources said the step is aimed at restoring investors' trust in the blossoming market, damaged by the bankruptcy in mid-October of an audiovisual educational material company.

The industry has been criticized for what analysts call sloppy examination for listing of IPEC, which went bankrupt only two years after it was registered with the OTC market.

The sources said the industry, under the initiative of the Japan Securities Dealers Association, will draw up measures to tighten the pre-listing examination, now undertaken by managing underwriting brokerages and accountants.

The measures, however, are unlikely to include a review of the examination standards themselves, and will rather focus on how to apply them, the sources said.

Over the past few years, the OTC market has attracted a host of small companies wanting to raise cheap funds while taking advantage of the somewhat easier listing standards of the market. For instance, companies are allowed to register their stocks on the market without offering dividends.

There are 433 stocks listed on the market, surpassing the 418 listed on the minor section of the Tokyo Stock Exchange.

Candidacies Filed for Zushi Mayoral Election

OW0111054592 Tokyo KYODO in English 0536 GMT 1 Nov 92

[Text] Yokosuka, Kanagawa Pref., Nov. 1 KYODO—Six people filed candidacies Sunday for the November 8 mayoral election in Zushi, Kanagawa Prefecture, where the U.S. military has asked for approval to build a controversial housing complex. Among the six were Mitsuyo Sawa, 51, former municipal assembly member who opposes the project, and Yoshio Hirai, 56, a former municipal assembly chairman who favors it.

Sawa is an independent while Hirai is backed by the Liberal Democratic Party.

The election is to be held to replace Zushi Mayor Kiichiro Tomino, who announced in August he will not seek his third term.

Tomino was elected in 1984 on the platform opposing the Ikego housing project.

The housing project in the forested Ikego area in Zushi is opposed by local residents who fear it will disrupt the environment.

Tomino has filed a lawsuit against the central government saying it violated the River Law when it started building a reservoir in Ikego in September 1989, because no agreement had been reached with the Zushi city government.

He lost his case twice at the Yokohama District Court and at the Tokyo High Court, which said the mayor cannot be a plaintiff in such a civil case. Tomino has appealed the ruling, but a final supreme court decision is still pending.

Power Firm Prepares To Test Nuclear Reactor

OW0211033392 Tokyo KYODO in English 0309 GMT 2 Nov 92

[Text] Shika, Ishikawa Pref., Nov. 2 KYODO—Hokuriku Electric Power Co. on Monday started inserting fuel rods in preparation for a trial run of the No. 1 reactor of the Shika Nuclear Power Plant in Shika, Ishikawa Prefecture, company officials said.

It will take a week to insert the 368 fuel rods, the officials said.

The light-water reactor with a generating capacity of 540,000 kilowatts is the first nuclear power plant to be built in Japan since the 1986 Chernobyl nuclear disaster in the former Soviet Union.

Hokuriku Electric Power is the last of Japan's nine electric power companies to have a nuclear power plant. The total construction cost came to 299 billion yen, company officials said.

The company plans to start commercial operations of the reactor in July 1993, the officials said.

There are currently 42 nuclear reactors in commercial operation in Japan, officials of the Ministry of International Trade and Industry said.

The power company started the construction in 1988 in the face o. opposition from local residents. In 1986, residents in Ishikawa and neighboring Toyama Prefecture filed a lawsuit with the Kanazawa district court against Hokuriku Electric Power, seeking suspension of the construction.

Monday, some of the plaintiffs and antinuclear activists demonstrated around the plant site against the starting of the test run.

Mongolia

'Mongolian National Democratic Party' Founded

LD3010104592 Moscow ITAR-TASS World Service in Russian 1444 GMT 29 Oct 92

[Text] Ulaanbaatar, 29 Oct (ITAR-TASS)—According to Dabaadorjiyn Ganbold, leader of the Mongolian National Democratic Party (MNDP), the foundation of the new party is dictated by the need for a complete renewal of the country's obsolete political and socioeconomic system. The MNDP respects free and democratic ideas, advocates the development and progress of Mongolia, and will cooperate with political movements with similar ideas and views. It will also fight against those forces which aspire to retain the bureaucratic administrative system.

The MNDP has been created through the merger of four young parties of democratic orientation: the National Progress Party, the Renewal Party, the United Party, and the Democratic Party. The MNDP's inaugural congress ended on 28 October after adopting a program and rules. The party's leadership body—the 115-member MNDP conference—was elected. D. Ganbold (35) was elected chairman. He headed the National Progress Party and was first deputy prime minister of Mongolia's first multiparty government, which recently resigned. T. Baasanjav, a former member of the MPRP [Mogolian People's Revolutionary Party] and later one of the leaders of the Mongolian Renewal Party, was elected general secretary of the MNDP.

In his message to the founders of the new party, Mongolian President Punsalmaagiyn Ochirbat expressed confidence that the MNDP would make an active contribution to deepening democracy and economic reform in Mongolia for the sake of the people's fundamental interests.

North Korea

Foreign Ministry Rejects Chemical Weapons Charge

SK3110013792 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 30 Oct 92

[Text] Some U.S. media have recently been circulating false information provided by the South Korean authorities that we have biochemical weapons. Yesterday [30 October] a spokesman for the DPRK Foreign Ministry answered a question asked by a Korean Central News Agency reporter as follows:

On 23 October the Voice of America quoted a report that the South Korean Agency for National Security Planning [NSP] submitted to the National Assembly. This report alleges that we have established a biochemical war strategy and stockpiled enough chemical and germ warfare weapons to totally destroy the South Korean population and that toxic materials are being produced at several factories.

This is another slander that the United States and the South Korean authorities have thought up in order to invent a new pretext for increasing tension on the Korean peninsula and resuming the Team Spirit joint military exercise.

This is not the first time the United States and the South Korean authorities have found fault with us, groundlessly alleging that we have biochemical weapons. However, they are using a somewhat different tactic this time: to prove the authenticity of the false report, the United States borrowed the name of the notorious South Korean NSP.

As the world knows, the South Korean NSP is a dirty plot-breeding tool engaged in fabrications to incite North-South confrontation and to suppress the patriotic democratic forces of South Korea at the instigation of the United States. They are in the habit of staging such a groundless drama each time the internal crisis gets serious, the truth is brought to light, and, as a result, they are driven into a tight corner.

The United States and the South Korean authorities are receiving strong protests and criticism from public opinion at home and abroad on their decision to resume the Team Spirit joint military exercise under the pretext of suspicion about our nuclear development. Thus, they are going to take great pains to add the biochemical suspicion to the nuclear suspicion. It is very clear that no matter how many lies they fabricate, which no one would believe, the lies cannot become truth. No one will be cheated or fooled by such a false drama in modern times.

Even if they try to resume the exercise, the United States and the South Korean authorities will not be able to justify Team Spirit by slandering us with false charges. If they stage the nuclear war exercise despite our warnings, they will have to bear full responsibility for all the consequences that may arise.

Commentary Denounces Allegation

SK0111083792 Pyongyang Korean Central Broadcasting Network in Korean 0023 GMT 1 Nov 92

[NODONG SINMUN 1 November commentary: "Mean Maneuvers Aimed at Misleading Public Opinion"]

[Text] In a recent report to the National Assembly National Defense Committee on the so-called status of the North's biochemical weapons, the South Korean Agency for National Security Planning [NSP], a hotbed of anticommunist plot-breeding, made a lot of preposterous lies that we produced and stockpiled many biochemical weapons to strengthen a military offensive against the South. This group of political stratagists—which specializes in falsity and fabrication—made the chemical, foods, and pharmaceutical plants, including the Sunchon vinalon complex protein fodder plant and the Yongsong beer plant, take the form of plants producing biochemical weaponry, while inventing a far-fetched figure of stockpiled biochemical weapons in an attempt to give credibility to their deceitful propaganda.

It is a totally groundless lie that we are producing biochemical weapons and preparing for chemical warfare. It is calculated, tricky propaganda based on a scenario prepared at the NSP underground secret room to slander us. Undoubtedly the South Korean rulers attempted to give a fresh shock to public opinion when their anti-Republic strategic propaganda, including the resident spy case involving Kim Nak-chung and the Workers Party of Korea in South Korea case, ran out and when the falsity of the so-called suspicion of our nuclear development was brought to light proving unworkable, by inventing another drama that we have produced a large quantity of biochemical weapons and are preparing for biochemical warfare.

Through a series of tricky propaganda, the South Korean rulers are trying to turn the situation on the Korean peninsula, which is advancing toward reconciliation and detente after the North-South agreement was adopted and effectuated, back to distrust and confrontation. The tricky propaganda by the South Korean rulers has also been devised in an effort to get out of their serious political crisis and extend their military fascist regime by diverting the South people's sentiment against them to anticommunism with the upcoming presidential election at hand and further strengthening the fascist suppression.

The South Korean rulers are making the strategic propaganda to pursue other purposes as well. It is part of the reactionary propaganda offensive that the U.S. imperialists and the South Korean rulers are staging in collusion with each other to tarnish our Republic's image. It is also a mean maneuver to justify their preparations for biochemical warfare, which they are accelerating in South Korea, and the Team Spirit joint military exercise, which they decided to resume in the future.

The government of our Republic, as a signatory of the 1925 Geneva protocol banning the use of toxic chemical weapons, has always respected the relevant international agreements. Furthermore, our people suffered a miserable calamity because of the chemical and germ weapons which the U.S. imperialists used during the Korean war, and maintain the position opposing biochemical weaponry more than anyone else.

Through a Foreign Ministry statement dated 26 January 1989, we presented a proposal to turn the Korean peninsula into a nuclear-free, peace zone and a chemical weapon-free zone. Such a proposal by us shows a positive effort to eliminate the danger of nuclear and chemical wars and ensure peace and security on the Korean peninsula, and it is supported and welcomed by the world's peace-loving people.

Biochemical warfare is being prepared by South Korea, not by the North. The U.S. imperialists and the South Korean rulers, who established an offensive strategy of air to ground warfare and made nuclear weapons and biochemical weapons basic strike means a long time ago, have earnestly accelerated the preparation for a chemical war along with nuclear war. They already brought some 10 toxic gas plants into South Korea in 1984. In the U.S.-South Korean annual Security Consultative Meeting held in May the following year, they hatched a plot for giving South Korea an independent chemical warfare capability and brought a large quantity of binary chemical weapons, a new generation mass-destruction weapon, into South Korea.

There are some 40 underground nuclear and chemical weapon armories in the area of Mt. Kyeryong, South Chungchong Province and in the area adjoining Suwon, Kyonggi Province. Stored in these armories are numerous binary chemical weapons. According to the information already made public by the U.S. imperialists several years ago, as many as 25,000 drums of chemical weapons of some 10 types, including toxic gas, are stockpiled in South Korea and its neighboring areas.

The U.S. imperialists and the South Korean authorities have systematically conducted training relative to chemical warfare at the puppet navy's chemical, biological, and radiological unit school, the puppet army's combat infantry units, and schools, for many years. In particular, every time they conducted the Team Spirit joint military exercise, they expanded and strengthened the offensive warfare exercise by means of biochemical weapons as well as nuclear war. All these facts confirm that it is the U.S. imperialists and the South Korean ruling group that produce and stockpile biochemical weapons and stage the maneuvers for chemical warfare on the Korean peninsula.

No matter how much mean and falsely fabricated propaganda the South Korean ruling bunch may employ, it should clearly know that it can never veil the truth and cannot accomplish its dirty political purpose.

Instead of adhering to a stupid and reckless act of trying to find fault with us, the South Korean ruling bunch should take actions to withdraw the U.S. nuclear and biochemical weapons brought into South Korea, immediately stop its maneuver for producing chemical weapons and preparing for chemical warfare, and step down from power without delay as demanded by the people.

Premier Sends 'Emergency Message' on Team Spirit

SK3110094392 Pyongyang Korean Central Broadcasting Network in Korean 0900 GMT 31 Oct 92

["Emergency telephone message" from Yon Hyong-muk, head of the North side's delegation to the North-South high-level talks and premier of DPRK Administration Council, to Hyon Sung-chong, senior member of the South side's delegation and South Korean prime minister, on 31 October—read by announcer]

[Text] Your side again has established grave new obstacles to North-South dialogue. In connection with this, I am sending this emergency message to you.

As you are also aware, at the eighth North-South high-level talks, the two sides agreed to hold joint committees for each area with one week intervals to implement annexed agreements in Panmunjom beginning 5 November.

Today all fellow countrymen and the peace-loving people of the world are sincerely hoping that the North-South joint committees, which will put the North-South basic agreement and annexed agreements into practice, will be held satisfactorily, and thus a new phase will be opened for peace and peaceful reunification through excellent development of North-South relations in our country.

Your side, however, ignoring such expectations and aspirations by the people at home and abroad, has been repeatedly perpetrating counter-dialogue acts. It has done this instead of striving to create an atmosphere so that overall North-South dialogue, including North-South joint committees, can satisfactorily progress with more vigor.

Some time ago, your side instigated the North-South confrontation to a serious point by fabricating the so-called incident of the Workers Party of Korea [WPK] in South Korea. In addition, your side together with the United States in early October agreed to resume the Team Spirit joint military exercise, which had been suspended. Your side thus created a very dangerous situation for the future of North-South dialogue.

In my 14 October letter to you, I sternly warned of consequences arising from the resumption of Team Spirit joint military exercises, and strongly urged your side to revoke unconditionally the decision to resume the military exercise.

The government of our Republic, political parties, and organizations held a joint conference in Pyongyang on 27 October and clarified that in the event that your side advances along the road of resuming the Team Spirit joint military exercise despite our side's repeated recommendations, we have no choice but to freeze [tongyol] all dialogue and contact between North and South authorities.

If your side treasures the North-South dialogue and holds it dear, and if your side is interested in improving North-South relations even to the slightest degree, your side should have accepted our side's repeated recommendations and revoked your unjust decision. Your side, however, has not taken any affirmative steps up to this point. Instead your side has been moving toward laying even more grave obstacles before North-South dialogue.

A few days ago, your side officially announced that you will stage together with the United States the "Hwarang" exercise from 2 to 7 November. Your side also announced the "92-Eagle" South Korea- U.S. joint military exercise from 3 to 9 November.

According to your side's announcement, 750,000 South Korean soldiers, approximately 37,000 U.S. soldiers in South Korea, and approximately 1,500 U.S. soldiers from overseas will be mobilized in the "92-Eagle" South Korea-U.S. joint military exercise.

We cannot but express our surprise and disappointment with the fact that your side attempts to conduct large-scale military exercises throughout South Korea, including the Military Demarcation Line area, at the same time as the beginning of the first meeting of the North-South Joint Reconciliation Committee.

We cannot help but regard your side's act as a unpardonable challenge to a dialogue partner. It is an open destructive act against North-South dialogue.

I can never look on with folded arms as your side, disregarding faith with its dialogue partner, attempts again to kick up a new large military exercise commotion at a time when the North-South joint committee meetings to implement the North-South agreement are to be held.

I hope that a situation—in which the North-South joint committee meetings may not be held because of your side's reckless military provocative act—will not occur in any case. Accordingly, your side should duly decide to withdraw unconditionally and immediately the criminal war exercise plan endangering the upcoming North-South joint committee meetings.

Regarding this, I strongly demand that your side cancel the large military exercise plan which your side is planning to conduct in succession from the beginning of next month. I also strongly demand that your side inform our side of your decision by 2 November at the latest.

Whether or not the joint committee meetings in various fields, including the North-South Reconciliation Committee, can now be held as scheduled totally depends on your side's attitude.

I expect your affirmative reply.

Movement To Force Team Spirit Halt Urged

SK3110064292 Pyongyang Korean Central Broadcasting Network in Korean 0006 GMT 31 Oct 92

[NODONG SINMUN 31 Oct editorial: "Let Us Check and Wreck Resumption of Team Spirit Joint Military Exercise With Pan-National Struggle"]

[Text] The U.S. and the South Korean authorities decided to resume the Team Spirit joint military exercise, a nuclear war rehearsal to invade the North. This creates a grave situation in that North-South relations, which are moving toward reconciliation and detente on the Korean peninsula with the adoption of the North-South agreement, are returning to the original state of distrust and confrontation. The joint meeting of the

DPRK Government, political parties, and organizations convened on 27 October seriously discussed measures to jointly cope with the prevailing situation and strongly demanded the U.S. and the South Korean authorities to unconditionally withdraw their decision to resume the Team Spirit joint military exercise.

In the letter of decision adopted, the joint meeting decided that if the U.S. and the South Korean authorities resume the Team Spirit joint military exercise after all, not only the North-South high-level talks but also all dialogues and contacts with the South Korean authorities, including the joint committees of different areas, will be suspended. The joint meeting also stressed that all Korean compatriots and organizations in the North and South and abroad will actively conduct a pan-national movement to check and frustrate the attempt by the U.S. and the South Korean authorities to resume the Team Spirit joint military exercise and that the power bodies at all levels, political parties, and organizations in the northern half of the Republic will keep themselves totally ready for countering the prevailing grave situation.

The joint meeting adopted a letter for the governments, political parties, and parliaments of all the countries in the world, based on the expectation that they will pay close attention to the prevailing grave situation on the Korean peninsula, raise their voices to oppose the resumption of the Team Spirit joint military exercise, and positively support our people's just cause of peace in the country and its peaceful reunification.

These measures taken by the joint meeting reflect our patriotic, nation-loving, and peace-loving position to contribute to salvaging the North-South dialogues, which are in the danger of breaking down, guaranteeing the implementation of the historic North-South agreement, preventing the danger of nuclear war on the Korean peninsula, and safeguarding peace in Asia and the world by checking the U.S. and the South Korean authorities' plan to resume the Team Spirit joint military exercise.

The great leader Comrade Kim Il-song taught:

Today when the relationship of confrontation between the East and West has collapsed and when the tendency of our nation's peaceful reunification is unprecedentedly increasing, it is an anachronistic way of thinking to resolve the Korean issue based on the position of strength from the worn-out viewpoint of the cold war era.

As it has been known, the Team Spirit joint military exercise that the U.S. and the South Korean authorities plan to resume is an extremely adventurous nuclear war test to realize their abrupt ambition for northern invasion by threatening our Republic with strength and making South Korea a nuclear advance base according to the U.S. aggressive war strategy. Even today when the South Korean rulers have adopted and effectuated the agreement which promised reconciliation and nonaggression while sitting face-to-face with us and produced the annexed agreements by areas designed to implement the agreement and the joint organs for their implementation, they decided to resume the war rehearsal against us in collusion with the United States. This is an open infringement upon the North-South agreement, a treacherous act against us, a dialogue partner, and a challenge to the entire nation which aspires for peace and reunification. This is an act of trying to resolve the Korean issue from the viewpoint of confrontation of the cold war era and the position of strength and is an anachronistic act running counter to the world's trend which is advancing toward detente after the end of the cold war.

The decision by the U.S. and the South Korean authorities to resume the Team Spirit joint military exercise confirms again that because of its criminal aggressive ambition, the United States does not want the situation on the Korean peninsula to advance toward detente and reconciliation and that the South Korean authorities ignore the historic North-South agreement by following the United States and try to advance toward the road of trite confrontation, war, and the nation's perpetual division. The decision by the U.S. and the South Korean authorities to resume the provocative Team Spirit joint military exercise stirs up indignation of the entire nation and the world's peace-loving people which aspire for peace and reunification.

There is no political or military reason or condition on the Korean peninsula today to again conduct such an extremely dangerous large-scale nuclear war exercise such as the Team Spirit joint military exercise. When suspending Team Spirit this year after our repeated strong requests, the United States and South Korean authorities announced that they had taken this measure to help ease tension on the Korean peninsula and make progress in North-South relations. This shows that the United States and the South Korean authorities also cannot deny that this joint military exercise would aggravate tension on the Korean peninsula and exert a negative influence on North-South dialogue.

In the situation on the Korean peninsula this year, a big step was taken toward detente and reconciliation. Significant progress was made in the North-South high-level talks; the historic North-South agreement and joint denuclearization declaration were adopted and effectuated and even an annexed agreement for each area was adopted. As a result, conditions have been provided for operating joint committees in various fields.

All fellow countrymen in the North and South and abroad and peace-loving people of all over the world welcome the fact that the sides brought excellent results in the North-South dialogue. They also sincerely expected that the mutual agreements would be implemented without delay in a favorable environment, thus opening a new phase in reconciliation and detente. The United States and the South Korean authorities are planning to resume the Team Spirit joint military exercise at such a time. This cannot be justified under any pretext.

Moreover, the United States and the South Korean authorities are trying to resume the Team Spirit joint military exercise under the false pretext of the suspicion of our nuclear development. This is shameless sophistry designed to mislead public opinion at home and abroad. As we have repeatedly declared, we, who have consistently demanded the denuclearization of the Korean peninsula, have no intention or capability to develop nuclear weapons or intention to do harm on our fellow countrymen with nuclear weapons. The government of our Republic has advanced numerous reasonable peace proposals to denuclearize the Korean peninsula and achieve stable peace there, and has taken practical measures to turn the Korean peninsula into a nuclear-free, peace zone. The integrity of our will for denuclearization and peace and our peaceful nuclear policy have been proven in several rounds of irregular inspection by the International Atomic Energy Agency [IAEA].

We are making sincere efforts to resolve the North-South nuclear inspection issue under the joint denuclearization declaration, which the North and South adopted and effectuated. Originally, the nuclear issue emerged on the Korean peninsula and has not been resolved because U.S. nuclear weapons were deployed in South Korea. The North and South have failed to resolve the nuclear inspection issue because the South Korean authorities, manipulated by the United States, are undauntedly trying to exclude the U.S. nuclear weapons and nuclear bases from targets for inspection.

The United States and the South Korean authorities, which had suspended the Team Spirit joint military exercise before the IAEA started nuclear inspections of our facilities, announced that they would resume the exercise under the pretext of our nuclear issue. This is irrational.

The U.S. imperialists and the South Korean rulers have neither hoped for the easing of tension on the Korean peninsula nor been happy about the smooth progress in North-South relations. Since the North and South agreed on nonaggression and since they announced that they would suspend the Team Spirit joint military exercise, they have almost daily kicked up anticommunist confrontation commotions and conducted various large-scale military exercises under the pretext of filling a resulting vacuum and deliberately aggravated the situation.

Even while conducting large-scale military exercises against us and thus aggravating tension, they have babbled about the easing of tension and progress in North-South relations. This is against common sense and basic reason.

No matter what they may do, the United States and the South Korean authorities will not be able to justify their unjust measure to resume the Team Spirit joint military exercise and escape from their responsibility as those who block peace on the Korean peninsula and the peaceful reunification of the Korean peninsula.

The plan by the U.S. imperialists and the South Korean authorities to resume the Team Spirit joint military exercise has aroused people's great concern because of the grave consequences that may arise therefrom. If the Team Spirit joint military exercise designed to attack us is resumed, this would break up North-South dialogue and block the implementation of the North-South agreements. This would also make it difficult to promote cooperation and exchange not only in reconciliation and nonaggression but also in economic, social, cultural, and all other fields. This would also aggravate to the utmost the situation on the Korean peninsula, bring the danger of a new war, a nuclear war to this land, and, in the long run, seriously threaten peace in Asia and the world.

Checking the attempt by the U.S. imperialists and the South Korean rulers to conduct the Team Spirit joint military exercise is a key demand for rescuing the North-South dialogue, which is in danger of breakup, preventing a nuclear war on the Korean peninsula, and defending peace in Asia and the world. The United States must unconditionally suspend the Team Spirit joint military exercise, which originates from its anachronistic policy of strength, and immediately stop committing wrongful acts such as pressuring someone else under the nonexistent nuclear inspection, aggravating tension on the Korean peninsula, and blocking the implementation of the North-South agreement.

The South Korean authorities must immediately cancel their agreement with the United States to resume the Team Spirit joint military exercise and stop kicking up anticommunist fascist maneuvers without delay. The Team Spirit nuclear war exercise and the North-South dialogue are incompatible. The Team Spirit war exercise is a cancerous element that blocks progress in North-South dialogue.

Sitting face to face with those who are planning to attack their dialogue partner in collusion with outside forces and discussing peace and reunification, at a time when tension is aggravated and when the danger of war hovers, is inappropriate. The history of North-South dialogue shows that because of the Team Spirit war exercise which the United States and the South Korean authorities have conducted, North-South dialogue has been discontinued and broken up and that all the agreements that were about to be implemented have been scrapped.

The recent joint meeting decided to suspend the North-South high- level talks and all dialogue and contacts with the South Korean authorities, including joint committees for various areas, in case the United States and the South Korean authorities conduct the Team Spirit war exercise after all. This measure is just. If the United States and the South Korean authorities, ignoring our warnings, start the provocative war exercise, they will bear full responsibility for all consequences that may arise therefrom.

The prevailing situation demands that all the Korean compatriots, political parties, and public organizations in the North and South and abroad vigorously wage a pan-national struggle to check and frustrate the attempt by the United States and the South Korean authorities to resume the Team Spirit nuclear war exercise, which harms national interests. All Korean people who love the country and nation must unanimously rise up to crush the criminal maneuvers by the United States and the South Korean bellicose elements to provoke a new war and more positively wage the struggle to denuclearize the Korean peninsula and remove the U.S. troops and nuclear weapons from South Korea.

The power bodies of all levels, political parties, public organizations, and people from all walks of life in the northern half of the Republic must heighten more than at any other time their revolutionary vigilance, fully prepare themselves to counter possible military provocations, and vigorously accelerate socialist construction always in a tight and mobilized posture.

The Team Spirit joint military exercise constitutes a grave threat to peace not only on the Korean peninsula but also in Asia and the world. We firmly believe that the governments, parliaments, political parties, public organizations, and people of peace-loving countries all over the world pay due attention to the grave situation on the Korean peninsula, more loudly voice their opposition to the resumption of the Team Spirit joint military exercise, and positively support and encourage our people's just cause of peace in the country and its reunification.

Peace in the country and its reunification are all the fellow countrymen's unanimous desire, and no force can block peace and reunification. The patriotic cause of our people and our fellow countrymen who, in hearty response to the call of the great leader Comrade Kim Il-song and under the wise leadership of the dear leader Comrade Kim Chong-il, have risen up in the struggle to hasten the fatherland's independent, peaceful reunification will be accomplished without fail.

Norodom Sihanouk Arrives in Pyongyang for Visit

SK0211120992 Pyongyang KCNA in English 1030 GMT 2 Nov 92

[Text] Pyongyang November 2 (KCNA)—His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, arrived here today by a special plane to pay an official goodwill visit to Korea upon the invitation of President Kim Il-song of the Democratic People's Republic of Korea.

He was accompanied by Deputy Prime Minister Kong Sam-ol, Vice-Minister of Culture Princess Norodom Bophadevi, Prince Norodom Narindrapong and other suite members.

The streets of Pyongyang and the airport were [words indistinct], festive attire to greet the friendly envoy of the Cambodian people.

Set up at the airport were a portrait of President Kim Il-song and a portrait of His Royal Highness Samdech Norodom Sihanouk and slogan boards reading "Warm Welcome to the Friendly Envoy of the Cambodian People!" and "Long Live the Indestructible Friendship and Unity Between the Peoples of Korea and Cambodia!"

The guests were met at the airport by Vice-President Yi Chong-ok, Vice-Premier and Foreign Minister Kim Yong-nam and officials concerned.

Diplomatic envoys here were present.

Working people of the city warmly welcomed them at the airport.

The samdech and his entourage were warmly welcomed by more than 100,000 Pyongyangites on the route from Yonmok-tong to Kumsong street through Yonghung intersection.

Paper Welcomes Visit

SK0211122792 Pyongyang KCNA in English 1009 GMT 2 Nov 92

["NODONG SINMUN Welcomes Goodwill Envoy of Cambodian People"—KCNA headline]

[Text] Pyongyang November 2 (KCNA)—NODONG SINMUN today comes out with an editorial welcoming His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, coming here today to pay an official visit to Korea upon the invitation of President Kim Il-song of the Democratic People's Republic of Korea.

His visit signifies a clear manifestation of deep trust of him and the Cambodian people in the Korean people and powerful demonstration of close friendship forged between the two peoples, the editorial says, and goes on:

The Korea-Cambodia relations of friendship and cooperation are based on the particular and faithful intimacy between the great leader Comrade Kim Il-song and esteemed His Royal Highness Samdech Norodom Sihanouk and they have been further consolidated and developed with each passing day on their basis.

The samdech is an outstanding patriot produced by the Khmer nation and he is known as a prominent leader and well-reputed statesman worldwide. It is unthinkable apart from his staunch patriotic activities that peace has been ensured in Cambodia and the people have turned out in the struggle for the consolidation of peace and reconstruction of the country.

The Korean people rejoice over the fact that the reconstruction of the country is progressing successfully thanks to his efforts and activities.

We hope that the samdech and other guests of honor from Cambodia will enjoy themselves while in Korea, feeling at home, the editorial says.

Party Delegation Leaves for PRC 31 Oct

SK3110115492 Pyongyang KCNA in English 1056 GMT 31 Oct 92

[Text] Pyongyang October 31 (KCNA)—A delegation of the International Department of the Central Committee of the Workers' Party of Korea headed by Kim Yang-kon, vice-director of the department, left here today for a visit to China.

A delegation of the Korean Society for Cultural Relations with Foreign Countries led by its vice-chairman O Mun-han also left here today for Japan.

South Korea

Yi Sang-ok Meets U.S. Secretary of State

SK3010032192 Seoul YONHAP in English 0004 GMT 30 Oct 92

[Text] Tokyo, Oct. 30 (OANA-YONHAP)—Seoul and Washington repeated calls Thursday on North Korea to accept inter-Korean nuclear inspection.

South Korean Foreign Minister Yi Sang-ok and Acting U.S. Secretary of State Lawrence Eagleburger, here to attend the third Tokyo conference on assistance to Russian republics, agreed that the inter-Korean nuclear inspection must be realized.

Yi explained President No Tae-u's planned visit to Japan Nov. 8 and overall Seoul-Tokyo relations, South Korean officials said.

Eagleburger expressed interest in the Uruguay Round of multilateral trade negotiations and asked South Korea's cooperation in their successful conclusion, they said.

Yi promised fullest possible cooperation although there are difficulties such as agricultural market opening.

Yi also explained latest developments in inter-Korean relations including the arrest of a North Korean espionage ring.

The South Korean foreign minister is to meet with Russian Deputy Prime Minister Aleksandr Shokhin and Japanese Foreign Minister Michio Watanabe on Friday.

Yi Comments on Meeting With Russia's Shokhin

SK3110014292 Seoul YONHAP in English 0105 GMT 31 OCT 92

[Text] Seoul, Oct. 31 (YONHAP)—Russia endeavors to present legal documents guaranteeing its repayment of loans offered by South Korea to the former Soviet Union and pay interest on the loans as much as possible before President Boris Yeltsin visits Seoul, South Korean Foreign Minister Yi Sang-ok said Saturday.

Yi, returning from an international conference on aid for 12 former Soviet republics in Tokyo, told reporters at Kimpo International Airport that he was informed of such Russian position by Russian Deputy Premier Aleksandr Shokhin.

Turning to the current tumultous situation in Russia, Yi quoted some Russian delegates to the conference as evaluating that Yeltsin faces political difficulties but could overcome them because there is nobody to replace him at the moment.

Commenting on news reports that Korea would be asked by Japan to play an intermediary role in settling the "northern islands" (Kurils) issue during summit talks between Seoul and Moscow on Nov. 8, Yi said that Korea was not "in a position to play a mediator's role between the two countries."

Urges New Assistance to CIS

SK3110034992 Seoul THE KOREA HERALD in English 31 Oct 92 p 2

[Text] Foreign Minister Yi Sang-ok called for a "new modality of assistance" to the former Soviet republics for their rapid integration into the global market system in an international conference on helping the CIS republics in Tokyo Friday, the Foreign Ministry said.

"I think that in formulating valid assistance plans, close cooperation, not only among donor nations but also between donor and recipient countries, is essential," the minister was quoted as saying in a speech.

Yi stressed the importance of successful economic assistance to the former Soviet republics for establishing a new order of cooperation in the world, the ministry said.

"With the demise of the Cold War, mankind is facing an unprecedented opportunity to build a new global community, where cooperation, instead of confrontation, peace rather than conflict, will prevail as common values in the relations among nations.

"Successful economic assistance to the new independent states is one of the major tasks the world has to accomplish in order to translate this opportunity into reality," Yi was quoted as saying.

The minister pledged South Korea's full support for these international efforts, the ministry said.

The foreign minister was participating in the third and last ministerial meeting to discuss assistance to former Soviet republics along with other ministers from some 70 countries including the United States and Canada and EC and ASEAN countries. Officials of international financial organizations such as the International Monetary Fund (IMF) and the International Bank of Reconstruction and Development (IBRD) also attended.

Yi also explained to the participants the financial and other supports which Seoul has extended to former Soviet republics, the ministry said.

Seoul has recently reached an agreement with Moscow on the resumption of a commodity loan of $330 million, if the two sides develop "mutually agreed conditions" in due time, Yi said. When the plan materializes, South Korea's loans to the former Soviet republics, which began in 1991, will amount to a total of $1.8 billion, he told the conference.

In addition, the minister mentioned the seminars and workshops on economic management sponsored by the Seoul government for people from the former Soviet republics to share with them Korea's knowledge and experience of market economics.

Korea has invited about 60 trainees from these states to Korea to participate in vocational training courses in various fields since 1990, and will invite 50 more next year, Yi said.

Relations With South Africa To Be Established

SK0111124892 Seoul KBS-1 Television Network in Korean 1200 GMT 1 Nov 92

[Text] It was learned that our country will establish diplomatic relations with the Republic of South Africa—the richest country on the African continent and infamous for apartheid—sometime this month.

[Begin reporter Kim Chin-su recording] It was learned that our country will normalize relations with South Africa sometime this month. South Africa is the richest country on the African continent; it has the largest reserves of gold, manganese, chromium, and white gold in the world, and produces 40 percent of all industrial products and 70 percent of all steel in the African continent.

A government official revealed that to achieve this normalization, the two countries have been holding working-level contacts in Tokyo. He also stated that as a result it was tentatively agreed that both countries' ambassadors to Japan will sign the document on the establishment of diplomatic relations between the two countries sometime this month in Tokyo, and that both countries are now negotiating the detailed schedule.

He revealed that because of repeated confusion in South Africa's political situation, negotiations to establish diplomatic relations were delayed even though the principle to establish diplomatic relations was settled. He said that since it was judged that the South African Government and its parliament have been actively promoting to abolish the infamous apartheid by granting blacks the right to vote; approving the revised constitution allowing blacks to enter the cabinet; and releasing a large number of political prisoners, it was decided to establish diplomatic relations with South Africa.

He said that since our country lifted economic sanctions against South Africa in January, the volume of trade between the two countries increased sharply, thus it seems that the volume of trade between the two countries for this year will exceed about $1 billion. He added that it seems that economic cooperation between the two countries will increase momentously on the occasion of the establishment of diplomatic relations between the two countries. [end recording]

Japan To Retaliate if Denied Access to Project

SK3110041292 Seoul THE KOREA HERALD in English 31 Oct 92 p 2

[By staff reporter Sin Yong-pae]

[Text] Japan has threatened to take retaliatory steps against South Korea if it is denied participation in the multibillion dollar Seoul-Pusan high-speed railway, an opposition lawmaker alleged yesterday.

France has asked for "fairer" competition in the bidding for the massive railway project, said the legislator quoting a Foreign Ministry document.

Speaking at a meeting of the National Assembly Transportation- Communications Committee, Rep. Yi Yun-su of the major opposition Democratic Party contended that the Japanese government gave Seoul assurances that it would open its car market to South Korea if a Japanese consortium led by Mitsubish Heavy Industries wins the project.

If Japanese firms are denied the project, Yi said, the Japanese government threatened to take retaliatory steps which would reduce imports of Korean semiconductor products and a scale-down of "financial cooperation" between Japan and South Korea.

Rep. Yi charged that the Japanese move runs counter to international practices.

He said the Foreign Ministry's confidential document, titled "France's Position on South Korea's High-Speed Railway Project," was filed about two years ago after a meeting between Pak Chae-sun, then counselor at the Korean Embassy in Paris, and Pascal Meunier, chief of the French Foreign Ministry's Far East division. Yi said the encounter took place at the French ministry between 11 a.m. and noon March 19, 1990.

Yi said he understands that South Korea is locked in a "serious diplomatic row" with the three countries involved. Germany is also vying to take part in the $8.3-billion railway project.

The legislator claimed that all the Korean people are aware that the government has already decided to award the project to the Japanese side.

He said the French government's position was forwarded to Seoul shortly before President No Tae-u visited Japan in May 1990.

The South Korean Foreign Ministry admitted that it received the French request and said that it handed it over to the Korean National Railroad for reference.

But the ministry dismissed Japan's alleged lobbying activities as "totally untrue."

In response to the lawmakers' query, Transportation Minister No Kun-il said he has no idea about the French request, adding that he would submit a written answer after probing the affair.

Opposition parties have demanded that the public project be left to the next government which takes office next February, accusing the government of pushing ahead with the project to collect political funds from selected firms.

Premier Responds to North Message on Exercises

SK0211054092 Seoul YONHAP in English 0525 GMT 2 Nov 92

[Text] Seoul, Nov. 2 (YONHAP)—South Korean Prime Minister Hyon Sung-chong sent a telephone message Monday to North Korean Premier Yon Hyong-muk, saying that the South could not scrap two military exercises beginning this week since they were planned a long time ago.

Hyon, answering a message from Yon Oct. 31 calling on Seoul to cancel the South Korea-U.S. joint field drills Hwarang and Foal Eagle '92, scheduled to begin Monday and Tuesday, respectively, said that they couldn't be halted since they were scheduled events and were primarily for defense.

Hyon argued that meetings of inter-Korean joint commissions, including the joint commission on military affairs slated for thursday, proceed as the two sides had agreed on their opening.

Yon had indicated in his message that North Korea might not come to the meetings unless the South canceled the exercises.

DPRK Envoy Denies Scuds Shipped to Middle East

SK0211103792 Seoul KBS-1 Radio Network in Korean 1020 GMT 2 Nov 92

[REUTER, YONHAP from Beijing]

[Text] In connection with the fact that on 30 October the U.S. weekly magazine U.S. NEWS AND WORLD REPORT reported that a North Korean ship, which carries approximately 100 revised Scud missiles, is going to a Middle Eastern district, Chu Chang-chun, North Korean ambassador in Beijing, refuted this report as a downright lie.

Security Organs Alert for North Terrorist Acts

SK3110134992 Seoul KBS-1 Television Network in Korean 1200 GMT 31 Oct 92

[Text] U.S. intelligence authorities today informed the ROK Government that there is an indication that North Korea may attempt terrorist acts in order to cause disorder with the coming presidential election and in retaliation for the spy ring incident uncovered by the Agency for National Security Planning. Our security authorities are now on emergency guard.

One of our security authorities said that our government has been informed recently by a U.S. intelligence organization that North Korea's moves to perpetrate terrorism against our nation's overseas missions and civilian aircraft in order to retaliate for the spy ring incident have been detected. North Korea seeks to cause confusion in South Korean society with the approach of the presidential election.

Our security authorities then informed relevant organizations, Korean Air, Asiana Airlines, and ports of this fact. A directive has also been handed down to overseas missions to work out measures to cope with North Korea's terrorism and to be on alert.

At the same time, the security authorities also informed foreign airline companies operating in our country of this fact.

Korean Air and Asiana Airlines handed down a directive to their overseas offices to intensify alertness against North Korean terrorism. They began to conduct close examination of passengers and cargo.

In particular, Korean Air strengthened examination and investigation of recently inaugurated aircraft between Seoul and Sao Paulo in connection with the fact that terrorist acts by guerrilla groups supported by North Korea were frequently perpetrated in South America.

Receiving intelligence that three Arab terrorist elements recently attempted to enter our country in addition to the possibility of a North Korean terrorist act, the security authorities investigated and confirmed that two terrorists with Lebanese nationality have been to our country. The authorities are closely examining whether they were involved in North Korean terrorist plots.

THE KOREA TIMES Interviews President No

SK0111044192 Seoul THE KOREA TIMES in English 1 Nov 92 p 2

["Text" of an "exclusive interview" with President No Tae-u by THE KOREA TIMES editor Han Kon-chu, on the occasion of the newspaper's 42d anniversary; place and date not given]

[Text] Question: High scores are given for your diplomatic accomplishments. How would you assess your own performance in this area?

Answer: Nordpolitik sets its basic goal of promoting our prosperity by opening relations for co-existence and co-prosperity with those countries which we were on antagonistic terms so as to mitigate tensions on the Korean peninsula, create a better environment for national unification and diversify economic cooperation.

My assessment is that we, as the first step, accomplished the goal far and wide.

For the past five years, we set up diplomatic ties with 39 nations, including China and the former Soviet Union.

Half of the world which had been closed to us is now open.

I once said if the direct way to Pyongyang remains closed, I will make a detour to Pyongyang via Moscow and Beijing.

North Korea, together with us, joined the United Nations. And the inter-Korean "Basic Agreement" and "Declaration on Denuclearization" were adopted, bringing about a turning point for reconciliation and cooperation.

The stability and peace on the Korean peninsula is still not firm. But the situation has improved drastically, comparing with that of five years ago when North Korean agents bombed our passenger airliner and there was no dialogue channel between the South and the North.

Now all external obstacles to the reintegration of the Korean peninsula have been removed.

The trade with the northern continent with which we entered into a new relationship is increasing day by day, and prospects are bright.

During the first eight months this year, exports to former communist countries increased by 50 percent over last year's, and that trade is beginning to show a surplus this year.

China's trade status with us has soared, becoming our third largest trading partner. Since the establishment of diplomatic relations between Seoul and Beijing and my (September) visit there, economic cooperation has broadened.

Q: Among your numerous achievements, which are you most proud of and which was the most difficult one to achieve? And do you feel you left anything undone?

A: For the past five years, we have waded through a near revolutionary situation at home and abroad.

People combined all their efforts to make such numerous achievements as democratization without a hitch, successful pushing ahead with Nordpolitik, entry into the United Nations, an epochal improvement of South-North relations, the double growth of our economic size and per capita income, and the hosting of Seoul Olympics.

Among them, I am most proud that we, as a nation which had remained on the outskirts of international politics, have made efforts to overcome the order of the Cold War era in a self-reliant manner, and have accordingly begun to construct an era of peace and a road to national reunification.

We entered the United Nations and established diplomatic relations with four neighboring powers. We are now towering as an independent entity exploring our own fate.

I have encountered difficulties while performing every one of my duties. Naturally, there are lots of things that I regret not having handled better.

I felt it most difficult to handle the plethora of demands from all walks of life in the political framework dominated by the opposition breaking forth for some time in the beginning of the Sixth Republic.

And I think I should have managed prices and workers' wages in a more strict manner, even at some cost.

Q: The public still wonders about your sudden departure from the Democratic Liberal Party. Would you please explain it?

A: My Sept. 19 decision was aimed at completely sweeping out the customary dispute over the fairness of elections after elections are over. It was done to help our political progress leap one foot higher toward that of advanced nations.

Moreover, it is not only to help the next government run a stable nation on a firm basis of legitimacy but to enable the public servants to perform their duties resolutely undisturbed by political winds even in the period of elections.

In my judgment, as far as the Chief Executive holds party membership, it is difficult for his Cabinet to remain impartial.

If the President belongs to a political party, who would trust his assertion of neutrality?

Q: You had advocated the "re-creation of power" of the DLP after party president Kim Yong-sam was nominated as presidential candidate. But your departure from the party can be taken to mean that you have now withdrawn your support from Kim. Is it correct?

A: It is very natural that the DLP president (No was then DLP president) should advocate his party's victory in the election.

However, I later gave up my membership of the party for the lofty ideal after issuing the Sept. 18 declaration.

I think there is no need to say more than I have already said.

Q: As the Chief Executive with boundless responsibility for state affairs, could you make some comments regard the current state of the DLP?

A: Now that I left the DLP in order to keep myself strictly impartial in administering the election, it is not appropriate for me to make any comments on DLP affairs.

Q: When the three parties merged to form the DLP in 1990, you sought to introduce the parliamentary cabinet system. Having experienced harsh regional antagonism in the 1987 presidential election as well as having handled state affairs for the past five years, which system do you have a preference for?

A: It is true that the introduction of the parliamentary cabinet system was sought at the time of the merger of the three parties. Both parliamentary cabinet system and president-led government are certainly democratic forms of government. But I think the type of government has to be chosen after taking into consideration the nation's political peculiarities, economic circumstances and the public sentiments.

Q: Do you have any suggestions for the next administration in order for them to bring about fruitful results in inter-Korean talks?

A: I think it is important for the next government to translate existing inter-Korean accords into action true to the letter—but in a prudent manner—and develop them positively in a forward-looking posture.

I think the realization of the agreements is the most practical way to national unification.

On top of this, efforts should be made to relieve the grievances of dispersed family members at the earliest possible date. I think it is also important to assist North Korea open and reform by broadening opportunities of cross-border travel.

Full preparations should also be made for tremendous costs of unification as well as orderly reintegration free of aftermaths.

Q: Many in the past few years have voiced their strong complaints about the economic policies of the Sixth Republic. Do you agree with the public appraisal?

A: For the past four years, our economy has experienced difficulties as our industrial competitiveness weakened and trade deficit increased in the process of democratization and in the readjustment of the industrial structure. During the same period, however, our economy has witnessed considerable growth and a substantial development in quality.

With continued high growth at an annual average of 9 percent or so, the Gross National Product has swollen to more than twice, from $130 billion in 1987 to $280 billion last year. The per capita income soared from $3,100 to $6,500 during the same period, bringing the nation at the threshold of ranks as an advanced country.

Thanks to the construction of two million homes, the housing rate has been jacked up from 69 percent in 1987 to 76 percent this year. The steep decline of housing prices has shown us the first clear string in the tangled housing problem.

Also being worked out are middle- and long-term plans designed to put our nation on the same footing as the advanced countries.

Epochal measures to streamline the structure of agricultural and fishery industries are being taken in a bid to change farming and fishing villages into advanced ones in 10 years.

Social infrastructures such as Seoul-Pusan high-speed railways, seaports, roads and airports are being drastically expanded. Also being pushed ahead are policies to boost science and technology to the level of the seven most advanced nations.

Q: The forthcoming election adds more uncertainty to our precarious economy. More and more small- and medium-sized companies are going broke. Please tell us which economic policy should be given top priority during the rest of your tenure?

A: The government will place particular emphasis on overseeing the money flow to block its influx into electioneering. Moreover, positive steps will be taken to beef up assistance to small- and medium-sized industries in finance and taxes.

Efforts will be made to create an atmosphere in which the bank interest rate can be lowered. With this policy coming into force, our economy is expected to continue to grow at the rate of 7 percent this year while prices stabilize at 6 percent.

The current account deficit is anticipated to shrink from $8.7 billion last year to $5 billion this year.

Q: What do you believe should be the policy given top priority by the next president?

A: Whoever is elected president should strenuously push for the further development of democracy, the advancement of national unification through promoting inter-Korean ties for co-existence and co-prosperity, the consolidation of the basis for our economy through the exploration of scientific and industrial technologies.

Continuous efforts should also be made to improve the problem of income distribution by narrowing down the large gap of wealth between social classes by expanding social welfare and promoting the culture.

Q: Have you made any plans for after leaving Chongwadae?

A: I'd like to return to the ordinary life of common people—share much of my time with relatives and neighbors, take journeys, read and enjoy tennis.

However, if called upon, I will go anywhere to contribute to the nation as a former president.

Burma

Dollar Economy Flourishes, Official Economy Sluggish

BK3010030892 Hong Kong AFP in English 0300 GMT 30 Oct 92

[By Elizabeth Zingg]

[Text] Rangoon, Oct 30 (AFP)—Burma's efforts to liberalise its market in recent years have spurred on a secondary economy that is now flourishing while the official one remains sluggish.

The "dollar economy" exists thanks to the huge disparity between the official dollar exchange rate of the Burmese currency—the kyat—and the black market rate.

Efforts to liberalise the economy since 1989—when the country's military junta recognised the failure of "Burmese path towards socialism"—have exacerbated this distortion, which has existed to a lesser extent for many years.

The U.S. dollar is now worth 5.65 kyat at the official rate, compared with anywhere between 35 and 130 kyat on the black market.

While Burmese citizens are not officially allowed to accept or use dollars within the country, those who work abroad or for foreign companies are now permitted to open foreign exchange accounts and become "legitimate holders of dollars."

Twenty five percent of their deposits are automatically exchanged into kyat at the official rate and the remainder is retained by the bank in exchange for a certificate with which the account holder can make dollar purchases.

These dollar certificates have become vital not only to buy such imported luxuries as cars, televisions and videos, but also to lay one's hands on scarce everyday goods.

The government does not intend to miss out on the "dollar economy." It is charging 1,100 dollars (at least 110,000 kyat on the black market) for telephone installation, in a country where the monthly salary of an official is about 1,400 kyat.

Dollars are also one of the only ways to secure petrol, a rare commodity that was rationed until the summer. One gallon costs 1.30 dollars, or 150 to 200 kyat on the black market.

A Japanese car costing about 3,000 dollars in Japan, about 10,000 of which are imported each year, will cost a Burmese citizen about 600,000 kyat to put on the road—half on buying the vehicle and half on paying taxes and other fees.

"If you've got the money, the only problem is finding a legitimate holder of dollars," said a Burmese businessman here. Nowadays there is little difficulty, with these intermediaries multiplying as the "dollar market" develops.

Foreigners in Burma must pay for their accomodation in dollars and in theory change their money at the official rate. Burmese home in on them, urging them to change their dollars—and, increasingly, their Thai baht—for kyat at the black market rate.

These black market dollars are mostly spent outside Burma, in particular on the frontiers with Thailand and China where cross-border trade is flourishing and largely uncontrollable.

The U.S. Consulate in Rangoon said in a September report on the Burmese economy that the "informal economy" made a "considerable contribution" to national revenue. It also said inflation was running at 50 percent, compared with official figures which do not surpass 30 percent.

In an interview with AFP in Rangoon last week, Minister of Finance David Abel implicitly recognised the importance of the "dollar economy" when he said he was against any devaluation of the kyat.

"We will not make people suffer to please the tourists," he said, adding that a new system may be created for tourists.

Tourists are not allowed into Burma except on organised tours, but individual tourists should be allowed back shortly, according to one official.

The official rate of exchange at present makes Burma one of the most expensive countries in the world to visit, with taxis costing more than in Tokyo and basic hotel rooms going for up to 50 dollars per night.

Mon Rebels Say Rangoon Planning Offensive

BK3110063292 Bangkok BANGKOK POST in English 31 Oct 92 p 6

[Text] Kanchanaburi—Burma has strengthened its forces along the western coast in Tavoy and Mergui Districts to launch an offensive against Mon rebels soon, Nai Tin Aung, chairman of the Mon National Relief Committee (MNRC), said yesterday.

The Burmese attack is likely to force more ethnic Mon civilians to take refuge across the border in Thailand.

About 12,000 Mon refugees are now being housed in four camps along the Thai-Burmese border—two in Sangkhla Buri District, one in Thong Phaphum District and another in Prachuap Khiri Khan Province.

They are being assisted by Western relief organisations, mainly Christian groups.

Nai Tin Aung said most of these Mons come from Moulmein and Ye districts.

They escaped to Thailand in February 1990 after the MNRC headquarters at the Three Pagoda Pass was overrun by Burmese forces.

Although there is enough food for the refugees, there is an acute shortage of medicine. Many are sick with malaria and need urgent treatment, he said.

Brunei, Malaysia & Singapore

Malaysia

Finance Minister Unveils 1993 National Budget

BK3010133092 Kuala Lumpur BERNAMA in English 0932 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—The 1993 national budget, unveiled by Malaysian Finance Minister Anwar Ibrahim Friday, seeks to enhance the quality of life of Malaysians through a cleaner environment and tax reforms for managing the nation's economic success and fine-tuning the economy.

Presenting his second budget in Parliament, Anwar announced personal income tax cuts of two percent at the lowest rate and by one percent at the highest rate, while increasing contributions to Employees Provident Fund (EPF) by one percent for both employees and employers.

Despite the robust 8.5 percent economic growth expected this year and the federal government's expected revenue of M [Malaysian] $39.1 billion (U.S. $15.64 billion), Anwar has come down hard on checking inflation as well as controlling the spiralling government operating expenditure through reducing the size of the public service.

As expected, smokers and drinkers were again on the receiving end of the new taxes announced.

Anwar drastically upped excise duty on cigarettes and other tobacco products by 100 percent and import and excise duty on alcohol by 15 percent and beer by 30 percent.

He also either cut or abolished import duties on 600 items, including food and household goods to further control inflation and make Malaysia a more liberal and open economy.

Anwar's strategy to further enhance the people's quality of life came amidst figures showing Malaysians now live longer, while more people are getting access to basic basic amenities and other facilities.

He told parliament that life expectancy had increased from 69 years in 1980 to 71 years in 1991 with infant mortality rate down from 23.9 per thousand births to 12.6 per thousand births during the same period.

The percentage of people having access to potable water increased from 70 percent to 86 percent and to electricity from 66 percent to 82 percent from 1987 to 1990.

The number of television viewers increased from 8.1 million in 1985 to 9.3 million in 1990 while newspaper readership went up from 5.1 million to 5.5 million during the same period.

He said the 1993 budget would have to address the challenges posed by the problems of the balance of payment, inflationary pressures, labour shortages and infrastructural bottle-necks.

For this, he came out with a four-pronged strategy—ensuring fiscal prudence; controlling inflation; increasing private sector efficiency and competitiveness and enhancing the quality of life and national prestige.

To back up such efforts, he injected another M$140 million (US$56 million) to finance projects to control pollution and conserve the environment, including measures to control pollution caused by vehicles and ensure that industries have faciliites for disposal of toxic waste.

Minister Forecasts 8% Economic Growth in 1993

BK3010114892 Kuala Lumpur BERNAMA in English 1042 GMT 30 Oct 92

[Text] Kuala Lumpur, Oct 30 (OANA-BERNAMA)—Finance Minister Anwar Ibrahim Friday said the Malaysian economy was forecast to grow by eight per cent next year compared with 8.5 per cent this year.

The forecast, he said, was part of the government's intention to have a sustainable rate of growth.

"Based on this projection, per capita income is forecast to increase to M$8,300 or US$3,300," he said at the presentation of the 1993 budget in parliament here Friday.

Anwar said with the latest forecast that the world economy was expected to recover and expand by three per cent next year compared with 1.1 per cent this year, the country's balance of payments was expected to strengthen further.

He said if this rate of growth was achieved, international trade was expected to increase to 6.7 percent compared with only 4.5 percent in 1992.

"Although the rate of economic recovery in the world economy is moderate, there is a possibility that it could be better," he said, adding that even if there was a deterioration in the performance of the world economy, growth was not expected to be lower than what it was today.

With this scenario, Anwar said the Malaysian economy was therefore projected to expand further.

The country's merchandise exports were projected to expand by 13.6 per cent while merchandise imports were expected to increase by 10 per cent, thus increasing the surplus in the trade account to M$8.8 billion (US$3.52 billion), he said.

However, the finance minister said the current account was still expected to be in deficit amounting to M$4.2 billion (US$1.68 billion) or 2.7 per cent of the gross national product compared with M$7.9 billion (US$3.16 billion) in 1991.

"This situation reflects the continued improvement of the current account of the balance of payments, thus further strengthening the overall balance of payment," he said.

Overall Balance of Payments Remains 'Favorable'

BK0111153692 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 1 Nov 92

[Text] Malaysia's overall balance of payment position is expected to continue to remain favorable this year. This is due to the improvement in the merchandise account and continued strong long-term cash capital inflow. After registering a small deficit in 1991, the merchandise account is expected to turn around to record a considerable surplus. This is the result of a significantly lower import growth.

The Treasury, in its economic report tabled at the Dewan Rakyat [House of Representatives] said with higher merchandise export relative to merchandise import, the merchandise account is estimated to record a surplus of 4.6 billion ringgit this year. This is about 3.3 percent of gross national product. The substantial improvement in the merchandise account will further ease the deficit in the current account of the balance of payment. The Treasury added that the net inflow of long-term capital is expected to be recorded by the private sector, mainly in the form of direct foreign corporate investment.

Government To Back UN Moves for Cambodian Polls

BK0211100092 Kuala Lumpur BERNAMA in English 0927 GMT 2 Nov 92

[Text] Kuala Lumpur, Nov 2 (OANA-BERNAMA)—Malaysia wants the proposed election in Cambodia to take off with the Khmer Rouge's participation and has called on the Marxist group to join the peace process to make it happen.

Foreign Minister Abdullah Ahmad Badawi said "if this is not the case, we are only allowing for the fragmentation of Cambodia and further endangering the (Paris) peace accord."

The election is scheduled to be held next May under the peace accord brokered by the United Nations and signed in Paris a year ago by the four warring Cambodian factions.

Abdullah said Malaysia, as a signatory of the peace pact, would support any move by the United Nations to ensure that the election proceeded as planned.

"But, the move by the world body must be on the basis of the Paris peace agreement which emphasises peace as the core of the pact," he told reporters here.

The Khmer Rouge, one of the four factions in the transitional Supreme National Council (SNC) now ruling Cambodia, has refused to disarm.

It wants changes to the peace plan before agreeing to let voters in areas under its control participate in the elections.

Abdullah said Malaysia would support any formula now being worked out by the foreign ministers of France and Indonesia, who co-chaired the peace talks leading to the Paris accord.

Both the foreign ministers are due in Phnom Penh this month to try to accelerate the programme for a successful election.

He added "we will support the formula even if it is slightly different from the Paris peace agreement so long as it brings peace and allows the election to go ahead as scheduled.

"But, their (the foreign ministers') solution must be pragmatic and must look at the problem in totality."

Asked if he thought the election would be postponed, Abdullah said "this would depend on how fast both the foreign ministers work."

Badawi Fears '3d World Bashing' at Rights Meeting

BK3110144292 Kuala Lumpur Radio Malaysia Network in English 1330 GMT 31 Oct 92

[Text] Malaysia hopes the world conference on human rights in Vienna next year will not be turned into a Third World bashing session by the developed nations. The minister of foreign affairs, Datuk Abdullah Ahmad Badawi, says Malaysia will support the UN-sponsored conference, but he warns developed nations against turning it into a finger-pointing session. He told newsmen in Kuala Lumpur that he would propose to the government that Malaysia attend the conference.

Datuk Abdullah was speaking on his return from Manila after attending the ASEAN-EC ministerial meeting for foreign ministers. He pointed out that previous conferences like the Earth Summit had shown that whatever human right issues were raised, both the developed and developing nations would be caught in a battle of words. He said Malaysia had always believed that human rights issues not only involved the question of democracy but also the living standards of the people.

On the conference in Manila, Datuk Abdullah said ASEAN succeeded in preventing the 12-member EC from including the human rights issue in the ASEAN-EC cooperation agreement. However, he cautioned there might come a time when the environment issue would be used as a yardstick by the EC in formulating new cooperation agreements with ASEAN.

Bilateral Economic Agreement Signed With India

BK0211074892 Kuala Lumpur BERNAMA in English 0658 GMT 2 Nov 92

[Text] Kuala Lumpur, Nov 2 (OANA-BERNAMA)—Malaysia and India Monday signed a bilateral pact which will pave the way to what Malaysian Foreign Minister Abdullah Ahmad Badawi describes as "a real manifestation" of South-South cooperation.

The ministerial-level agreement was signed by Abdullah and his Indian counterpart Eduardo Faleiro here.

Abdullah said the agreement, which replaced a similar one signed 12 years ago, would enable cooperation in additional areas like health, human resource development, tourism, science and technology, power generation and petroleum.

"Bilateral relations between Malaysia and India had been characterised by the absence of any political problem and had progressed further with India's new openness in its foreign policy," he said.

"We share with India a desire to promote economic liberalisation and the need to seek a regional forum for economic cooperation," he added.

Describing Indo-Malaysia relations as "a long and happy one," Abdullah said the signing of the new pact had given a venue for regular consultations between both foreign ministers on issues affecting the region.

Abdullah said Malaysia had taken a number of policy actions to promote in concrete terms greater South-South cooperation.

"This is evident by the growing trade and economic cooperation within its own sub-region as well as the intermediate region," he said.

"I foresee a day when the South Asia Association of Regional Countries (SAARC) of which India is an important member, will develop closer relations with other regional economic groupings," he added.

Faleiro, who termed the agreement as "a historic one," added that New Delhi would also like to cooperate with Kuala Lumpur in the field of state-of-the-art technology, railways and computer software.

Later speaking to newsmen, Abdullah said so far the head of governments of nine countries including India, Pakistan, Argentina and Malaysia had confirmed their participation in the Group of 15 (G-15) summit scheduled to be held in Senegal next month.

Abdullah said he had expressed Malaysia's concern to Faleiro about the importance of ensuring that all heads of government of the G-15 nations attend the meeting.

Aid Collected for Bosnians; 63 Bosnians Arrive

BK2910083292 Kuala Lumpur Voice of Malaysia in English 0800 GMT 29 Oct 92

[Text] About 300 million ringgit have been collected by several nongovernment organizations for [words indistinct] the people of war-torn Bosnia-Hercegovina. Announcing this in Parliament, National Unity and Social Development Minister Datuk Napsiah Omar said the government had given aid amounting to 500,000 ringgit to the Bosnians. She said the Malaysian Muslim Youth Movement, ABIM, planned to bring in 100 Bosnians [words indistinct] in the country until the situation in their homeland has returned to normal. Sixty-three of them arrived on Tuesday, and (?many) more are expected in Malaysia.

Singapore

Investment Agreement Signed With Vietnam

BK0111130092 Singapore THE STRAITS TIMES in English 30 Oct 92 p 48

[Text] Singapore and Vietnam signed their fourth bilateral agreement this year when they inked the Investment Guarantee Agreement (IGA) yesterday.

Their fifth agreement—a double taxation avoidance pact—is expected to be sealed soon. The three agreements signed previously are the Shipping, Bilateral Air, and Trade Agreements.

At yesterday's signing ceremony, Mr. Dau Ngoc Xuan, Vietnam's Chairman-Minister of the country's State Committee for Co-operation and Investment (SCCI), said the IGA will bring Vietnam "another step closer towards the world economic community".

The agreement, which provides for the protection of investments against nationalisation and expropriation, is the eleventh that Vietnam has signed since its recent opening of doors to foreign investors.

The Senior Minister of State (Trade and Industry), Mr Lim Boon Heng, who signed the IGA with Mr Xuan, agreed that it would provide a favourable business environment for economic relations between the two countries to strengthen and prosper.

"The internationally-accepted legal framework would provide the necessary guarantee to facilitate investment flows, and is a critical milestone in our economic ties," he said.

Mr. Xuan said that Vietnam had already signed similar agreements with countries like Thailand, Malaysia, Indonesia, Australia and France and that there were "more signings with other countries in the pipeline".

He added that Vietnam would continue to pursue infrastructural, legislative, and bureaucratic reforms to further improve on the country's investment milieu.

The Vietnamese Government was also in the midst of drafting a set of commercial law which would include the setting up of an internationally acceptable economic arbitration body.

A series of legal documents, covering labour, bankruptcy, oil and gas, was also being drafted to support the country's new Investment Law which was recently passed by the National Assembly, he revealed.

Mr. Xuan said that investor interest in Vietnam was very strong and that there were even American companies within the country presently doing market research and awaiting the lifting of the U.S. embargo on investment.

He added that there was a total of more than 500 foreign companies operating in Vietnam today with a capitalisation of about U.S.$4 billion.

Though Singapore's share of this stood at only about U.S.$1OO million, he said that there were many companies that were discussing deals for mega-projects, ranging from hotels to shipbuilding and the development of industrial parks.

The IGA signed is for a one-year period, and covers a broad range of investments, including those that were made before yesterday's signing. The coverage includes movable and immovable property, shares, stocks and industrial property rights.

The agreement would be extended unless revoked by either of the signatories.

Mr. Xuan, who paid a courtesy call on Deputy Prime Minister Brigadier General (Reserve) Lee Hsien Loong yesterday, will leave Singapore tomorrow.

Cambodia

PDK Official Interview on Eligibility, Election

BK0211075192 Phnom Penh THE CAMBODIA TIMES in English 19-25 Oct 92, p 4

[Text] In an exclusive interview with The Cambodia Times last week, Mak Ben, the spokesman of the Party of Democratic Kampuchea (PDK) and a member of the Supreme National Council (SNC), admitted that Ieng Sary, a close confederate of Pol Pot and one of the long-standing leaders of the party, was from Kampuchea Kraom.

Under the electoral law, this bars Ieng Sary from voting in the forthcoming elections.

This information was disclosed in an editorial column in last week's issue of The Cambodia Times.

The information came as a surprise due to the fact that the PDK are in disagreement over the electoral law, stating that it is not strict enough and that Vietnamese citizens will be able to vote.

The situation is further compounded by the fact that United Nations Transitional Authority in Cambodia (UNTAC) spokesman Eric Berman admitted last week that no one who is not allowed to register in the election will be allowed to stand for parliament.

In order to vote, one must first register and in order to be able to register, one must have been born in present day Cambodian territory and have at least one parent who was also born there.

Alternatively, one can have been born outside of present-day Cambodia but have one parent who also has one parent who was born inside the country.

It was this law, when passed by the SNC back in August, that Khieu Samphan, PDK nominal leader, objected to so fiercely by saying that it gave a "rubber stamp to the Vietnamese occupation of our country." Ieng Sary, who was also known as 'brother Number 2' to Pol Pot's brother Number 1 during the Khmer Rouge years, is still believed to be second-in-command to Pol Pot in the party's secret leadership.

He was born in the Mekong Delta, a region which was part of Cambodia until the early part of the last century when it was taken over by Vietnam.

The area is often called Kampuchea Kraom, or Lower Cambodia, and the people who live there speak Cambodian with a Vietnamese accent.

Under the new electoral law, people from Kampuchea Kraom will not be allowed to vote or to stand for election unless one of their parents was born in Cambodia.

This is not the case with Ieng Sary.

Given this central paradox between the PDK's view on the electoral law, The Cambodia Times asked Mak Ben his views on who should be allowed to vote, on Ieng Sary, and why the DK are not complying with the peace process in Cambodia.

Cambodia Times: [CT] Why do you object so strongly to the electoral law? Mak Ben:[MB] In the spirit of the Paris peace accords, the election should be run by UNTAC in cooperation with the SNC in order for the Cambodian people to exercise their right of self-determination.

This election should be fair and free in a neutral environment. Thus, there should be no foreign interference. The Cambodian people should be allowed to exercise their right of self-determination.

If the Vietnamese take part in the elections, it would produce a national assembly no different from the present one and the government would not serve the Cambodian people and would serve the Vietnamese aggression and occupation of Cambodia as has already been seen in Kampuchea Kraom.

So the PDK position is that we support the Paris agreements but will never accept an election that will legalise the Vietnamese occupation of Cambodia.

CT: Would you accept anyone who is Vietnamese or part-Vietnamese in your party or in the leadership of your party ?

MB: We will not accept Vietnamese control in our party. We could not accept foreign interference in any way.

CT: Do you consider people from Kampuchea Kraom to be Vietnamese or Cambodian?

MB: The Khmer Kraom are now completely Vietnamised. They have taken on the customs of Vietnam.

CT: What would be your definition of who is a Cambodian?

MB: Someone like me! How can I say it? Someone whose family has always come from Cambodia and is Cambodian in all ways.

CT: What about Ieng Sary? Your own party's second-in-command is from Kampuchea Kraom and even changed his name from the Vietnamese-sounding Kim Trang to appear more Cambodian.

MB: There are many Cambodians coming from Kampuchea Kraom and some of them have the national interests of Cambodia at heart for a long time. For instance, Son Sann (the leader of the Buddhist Liberal Democratic Party) is also from Kampuchea Kraom.

Those people, and there are many of them, who are patriotic and nationalistic and who fought for the resistance—they serve the country and have contributed in part to the liberation of Cambodia. So we can't hope to reject those people, otherwise we would be in violation of the Paris agreements.

CT: But in terms of the electoral law these people, including Ieng Sary, will not be able to vote or stand for election.

MB: But we do not accept the electoral law because under that law Vietnamese settlers would be allowed to vote. These settlers are not immigrants or even illegal immigrants; they have been brought in during the last 13 years as part of an occupying force. They came as part and parcel of a policy to Vietnamise Cambodia.

CT: But these people would not be allowed to vote anyway. By the terms of the electoral law, since you must be over 18 years of age and one of your parents must have been born in Cambodia, your family must have lived in Cambodia for at least 34 years, even if your parents were very young when you were born.

MB: Cambodia must be allowed self-determination, otherwise it will never be free from foreign domination. In the Paris agreements it says that only Cambodians must be allowed to vote, not Vietnamese.

CT: But who do you see as a Cambodian? Where do you draw the line? You've drawn the line so that actually one of your own leaders won't be able to vote. People who you've just said are patriotic, nationalistic and fought for their country will not have the vote. How far does the line have to be?

MB: How can you suggest that His Excellency Son Sann should not have the vote? The DK does not accept the electoral law and will never accept it. Son Sann also says that the issue is very sensitive to the Cambodian people.

Cambodians now living in America do not accept this law. [He then handed a letter signed by 26 Cambodians that was sent to the UN on October 7 stating worries that Vietnamese settlers will be allowed to vote, amongst other things.]

In the Paris agreements it states that only Cambodians will be allowed to vote. We are trying to respect this. All we are asking for is the proper implementation of the Paris agreements. It is common knowledge that these agreements are not implemented correctly.

CT: Which parts of the Paris agreements are not being implemented?

MB: The main provisions which have not been implemented are the verification of the withdrawal of foreign forces in Cambodia and the (fact that) SNC is continuing to be denied its role as the unique legitimate source of authority in Cambodia.

It is due to this that the PDK made the proposal on August 22 for the setting up of the Administrative Consultative Body (ACB) in order to help bring the peace process forward.

CT: But there are four factions involved in the SNC of which you are one. The other factions are complying with the process. You are the only faction holding the peace process up.

MB: The other parties are not happy either. I have just received a fax from Son Sann expressing the same concerns. [He showed The Cambodia Times the fax.] Only the Phnom Penh party are not concerned because they were set up and controlled by the Vietnamese.

CT: The other factions may not agree with everything but at least they are complying with the peace agreements by ensuring that these main provisions are upheld, by stationing their agents at the checkpoints and registration points. If you are so worried about Vietnamese incursions into Cambodia and Vietnamese voting in the election, why are representatives from your party not at the registration sites or at the majority of checkpoints in order to help control this?

MB: The Paris agreement is a charter for UNTAC, the SNC, and all Cambodian parties. UNTAC is bound to implement it fully, not selectively. As far as Vietnamese settlers continue to come here is (concerned, it is) a violation of the Paris agreements. UNTAC has a duty to stop the flow of Vietnamese settlers into Cambodia.

Since the arrival of UNTAC, Vietnamese settlers continue to arrive in increasing numbers, thus the Cambodian people are losing confidence in UNTAC because they are failing to stop the problem of occupation. There are now two million Vietnamese in Cambodia.

CT: Where do you get the figure of two million from?

MB: We get it from our informants throughout the country. This is a quarter of the total population. If this process continues unabated, the Vietnamese will outnumber Cambodians and the Kampuchea Kraom situation will occur all over again.

CT: How do you feel about the possibility of the PDK being left out of the elections?

MB: If you had to choose between facing difficulty and accepting foreign domination of your country, which would you choose? I am in no doubt that you would choose to accept difficulty. We could not take part in an election which will legalise the Vietnamese occupation of our country and which takes place in a non-neutral environment.

CT: Because you have not done anything to help verify the Vietnamese withdrawal you have been accused of delaying tactics and holding up the peace process. How would you respond to this?

MB: We are not playing tactical games at all. We want the Paris agreements to be implemented. What we are asking for now is to provide the SNC with more power to enable it to work for the control and verification of foreign withdrawal and for the elections to be held.

Please understand that when you have been under foreign occupation for 14 years [sic] you don't want to prolong the war. You want peace as soon as possible, and for the PDK to be part of that peace because the PDK is part and parcel of the country.

CT: But where will it end? How far do UNTAC have to go to verify this withdrawal of foreign troops and how much power does the SNC have to have for the PDK to be satisfied ?

MB: The experience of the last 11 months shows that UNTAC alone cannot carry out its mandate of exercising control and verification of the withdrawal of foreign forces in Cambodia.

UNTAC cannot cooperate with a regime that was set up by Vietnam to verify the control of the Vietnamese. It is an impossible situation. So UNTAC needs the cooperation of the SNC, which is composed of all four factions.

CT: How much is more power for the SNC?

MB: We used to ask for the dismantling of the Phnom Penh regime. Now, to facilitate the peace process, we have dropped this demand and asked for more power for the SNC to cooperate with UNTAC. This is why we have asked for the setting up of the ACB because we think that in this way the Cambodian parties can realise mutual controls.

CT: You keep saying that the Paris agreements must be followed exactly, but this new administrative body is not part of those agreements. How do you justify this?

MB: The Paris agreement is a charter for political settlements. It could not go into every detail. Everything must be in the spirit of the agreements which say that the SNC is the unique legislative body and source of power in Cambodia.

UNTAC, coming from afar, does not understand Cambodian people so it needs help from Cambodia. But which Cambodia? Cambodia the protege of Vietnam? No. So UNTAC needs the Cambodia within the SNC. Until full power is given to the SNC, UNTAC can never carry out its mandate.

CT: How is UNTAC cooperating with the State of Cambodia government?

MB: Take the issue of money. UNTAC is doing everything within its power to save the Phnom Penh regime from total collapse.

CT: And lastly, if you are so much in favour of peace, why will the PDK not demobilise their forces?

MB: We are 100 percent in favour of demobilisation. We asked for total demobilisation of the four factions from the beginning. The people in the country live in terror. But Vietnamese forces are still within our country, sometimes in disguise as Phnom Penh armed forces, some mingling with the local population disguised as ordinary workers.

CT: Isn't blaming everything on the Vietnamese a bit far-fetched and racist in the extreme?

MB: It is not a question of racism, it is a question of national survival. If Cambodia lets Vietnam in, it will become a province of Vietnam.

KR Reportedly Fire Rockets North of Phnom Penh

OW3010083592 Tokyo KYODO in English 0808 GMT 30 Oct 92

[Text] Phnom Penh, Oct. 30 KYODO—Khmer Rouge [KR] guerrillas launched a rocket attack on a suburb 10 kilometers north of the Cambodian capital Tuesday night and wounded four people, an official of the Phnom Penh government Army said Friday.

But the UN Transitional Authority in Cambodia (UNTAC) said they had received no information about the attack.

According to the military official, 10 rockets were fired on the small town north of Phnom Penh on the Tonle Sap River.

A UNTAC spokesman said the authority had heard nothing of a rocket attack by the Khmer Rouge, adding the Military Information Council had not met for several days.

The spokesman also said it is not an official report from the Phnom Pehn government and is not being considered a violation of the ceasefire.

Earlier in Tokyo, the MAINICHI SHIMBUN and the NIHON KEIZAI SHIMBUN reported the attack but added the UNTAC had kept it secret because of fears they might hinder the stalled peace process in Cambodia.

Japan's Defense Agency chief Sohei Miyashita indicated that Japan has received a report on the attacks through informal diplomatic channels.

Miyashita indicated this in a meeting with Prime Minister Kiichi Miyazawa at the prime minister's official residence, government officials said.

The Defense Agency chief, however, ruled out the possibility of long and large-scale conflicts resuming in Cambodia, although the Phnom Penh government said they expect more attacks by the Khmer Rouge during the coming dry season.

The Khmer Rouge is militarily the strongest of three resistance factions which fought a decade-old civil war in Cambodia against the Vietnam-backed Phnom Penh government.

The guerrilla group, also known as the Pol Pot faction, has refused to disarm and demobilize in defiance of a peace accord signed by all four warring factions in Paris in October last year.

Efforts by Japan and Thailand to bring the Khmer Rouge back to the peace process failed Thursday in Phnom Penh.

'Clear Signs' of Offensive Noted

BK3010142792 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 30 Oct 92

[Text] There are now clear signs indicating the beginning of the Khmer Rouge's 1992-93 dry season offensive in their last ditch attempt to hamper the Paris agreement. Last week, the Khmer Rouge made an attempt at the provincial border between Kompong Thom and Kompong Cham, about 100 km north of Phnom Penh, during which two bridges were blown up and over 30 inhabitants were killed or wounded.

At 2120 on the night of 27 October while our authorities, soldiers, and people were joyfully extending 71st [as heard] birthday greetings to His Royal Highness Prince Norodom Sihanouk, Cambodia's head of state and father of the nation, the Khmer Rouge forces from the 785th Division's 520th Regiment launched a gross and cruel violation against our people's villages 20 km north of Phnom Penh by firing nine H-107 and DK-82 shells into Prek Kdei and Prek Lvea villages of Ponhea Loe District and Prek Ta Roat of Russei Kev District in Phnom Penh city.

According to reliable sources, six DK-82 shells landed in Prek Kdei and Prek Lvea villages and three H-107 shells landed in Prek Ta Roat village.

In this Khmer Rouge violation, four innocent people, including two boys, were wounded and two houses and a large quantity of utensils were damaged.

According to an Army officer in charge of Ponhea Loe District, about 15 to 20 Khmer Rouge soldiers led by (Thien) and (Nai) captured four fishing boats and forced the owners to bring them from [words indistinct] to lay and wait at Prek Ta Mau [words indistinct] activities.

In the face of such evil Khmer Rouge acts, who have adhered to their warlike nature and attempted to destroy the Paris agreement, the entire Cambodian people call on the international community to take effective and urgent measures against the Khmer Rouge to quickly bring long-lasting peace to Cambodia.

NADK Denies Attacks, Blames SRV for Unrest

BK0211013892 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 1 Nov 92

["Denial by National Army of Democratic Kampuchea [NADK] spokesman concerning an accusation that the National Army of Democratic Kampuchea shelled Prek Kdei and Prey Lvea villages, Ponhea Loe District, Kandal Province"—read by announcer]

[Text] 1. In the past few days various radio stations have carried untrue reports accusing the National Army of Democratic Kampuchea [NADK] of shelling Prek Kdei and Prey Lvea villages in Ponhea Loe District of Kandal Province.

2. This accusation is untrue. The NADK spokesman totally rejects this accusation.

3. The fact is:

1) Ponhea Loe District is a zone under the control of the yuon [Vietnamese] and their puppets.

2) This is the zone in which the yuon aggressors have seized 100-percent control of all the plots of land along the banks of Tonle Sap Lake and the entire lake.

3) This is the lair of the yuon military and political commanders who command Phnom Penh and the Tonle Sap areas north of Phnom Penh. Since their arrival here

the yuon aggressors have attacked and seized control of this region. The people cannot carry out farming in this region.

4) The people who used to earn their living in this region are very angry with the yuon aggressors. There have often been skirmishes and shootings in this region. As for the people's husbands and sons who were forcibly recruited to serve the yuon aggressors and their puppets, they have all lost the right to ownership of waters and land along the Tonle Sap region in Ponhea Loe District.

This is the cause of the antagonism between the people in Ponhea Loe District and the yuon commanders in this region.

According to reports, there have been attacks against yuon aggressors in this region. As a matter of fact, attacks have taken place not just in this region. There have been attacks against yuon aggressors everywhere, such as in S'ang, Peam Chor, Peam Ro, Kompong Chhnang, Russei Kev, and Prek Phneou.

4. For this reason the first root cause is the yuon aggressors, expansionists, annexationists, and racial exterminators of Cambodia. The second root cause is the fact that the yuon aggressors have sent over two million yuon immigrants to settle along the river banks, nibble land, and lord it over the Cambodian people.

These are the causes of the rancor among the Cambodian people. This rancor has led to condemnation, shootings, and ambushes against the yuon aggressors by the Cambodian people and soldiers who could no longer tolerate them.

These are actual events that have taken place everywhere. Such events will certainly continue to take place because the Cambodian people, who can no longer tolerate the criminal acts of the yuon aggressors either under the control of the military and civilian state power or outside the framework of state power, will continue to rise up against the yuon aggressors.

Therefore, to settle the root cause of this problem, it is imperative to end the yuon war of aggression by making all yuon aggressors withdraw from Cambodia. It is imperative to resolve the problem of the yuon aggressors who have entered Cambodia illegally.

Khmer Rouge Fax Rejects Thai-Japanese Proposal

BK3110052492 Phnom Penh SPK in English 0424 GMT 31 Oct 92

[Text] Phnom Penh SPK October 31—The Khmer Rouge has officially rejected Japanese-Thai proposals aimed at unblocking the stalled Cambodian peace process, reports AFP.

"Those counterproposals are not conducive to the achievement of the objectives set out in the Paris agreement," the faction said in a statement issued late Thursday following talks with senior Japanese and Thai diplomats here.

"They will bring no change to the situation that has prevailed for more than one year since the signing of the accord."

The faxed Khmer Rouge statement reiterated the need to strengthen the Supreme National Council (SNC), a sovereignty body grouping the four Cambodian factions but possessing no administrative powers.

Only by working with a strengthened SNC will the United Nations Transitional Authority in Cambodia (UNTAC) be able to ensure that all Vietnamese troops have left Cambodia, allowing a neutral atmosphere for elections due by May 1993, the radical Marxist faction argued.

The Khmer Rouge has used its claim that Vietnamese troops remain in Cambodia to justify its refusal to disarm as called for by the Paris accords, though UNTAC says it has found no evidence to contradict Hanoi's claim that it withdrew all its troops in 1989, 10 years after ousting the Khmer Rouge from power.

To try to satisfy Cambodia' most powerful guerrilla group, Japan and Thailand proposed last week that an SNC "administrative consultative body" could work with UNTAC while one SNC "consultative committee" could be assigned to each of the zones controlled by the four Cambodian factions.

Diplomats who attended Thursday's two-hour meeting said Khmer Rouge figurehead leader Khieu Samphan failed to respond directly to the new Japanese-Thai proposals.

But in the faxed statement, the Khmer Rouge reiterated their August 22 demand that SNC consultative committees with real authority be set up within the existing administrative structures—including the ministries of the faction's main opponent, the Phnom Penh Government, which controls 80 percent of the country.

The UN Security Council had given Japan and Thailand until the end of the month to persuade the Khmer Rouge to rejoin the peace process, and Thai Deputy Permanent Secretary for Foreign Affairs Sarot Chawanawirat declared after the talks that the initiative had ended.

The torch now passes to the co-chairmen of the Paris International Conference on Cambodia, France and Indonesia, whose foreign ministers are expected to meet with SNC Chairman Prince Sihanouk November 7-8 in Beijing or Phnom Penh in a bid to unblock the peace process.

If the Khmer Rouge are still not cooperating by November 15, the Security Council has warned that it will consider unspecified further measures, while going ahead with election preparations with or without the Khmer Rouge.

The Khmer Rouge statement insisted the faction was committed to implementing the Paris agreement, but said UNTAC was failing to fulfill its impartial mandate.

"It is time to show a political will and take concrete measures to remedy the situation, and in particular to put an end to that unilateral UNTAC Phnom Penh cooperation, to the detriment of other SNC parties", it said.

Khmer Rouge Explain Peace Accord Disagreements

BK3110051692 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 30 Oct 92

["Communique of the spokesman of the Party of Democratic Kampuchea"; dated 29 October—read by announcer]

[Text] I. On 22 August 1992 the Party of Democratic Kampuchea [PDK] made an important two-point proposal relating to the role of the Supreme National Council [SNC] and implementation of the second phase in accordance with the spirit and letter of the Paris agreement.

Here is the essence of this proposal:

1. The PDK is prepared to enter the second phase if appropriate measures are taken that enable the SNC to have rights and power and all means to carry out its task as the legitimate and sole source of power in Cambodia and to enable the SNC headed by HRH Prince Norodom Sihanouk, head of state, to take the initiative and carry out activities to gradually promote national reconciliation, and also to create appropriate conditions for the SNC and UNTAC [UN Transitional Authority in Cambodia] to cooperate in implementing the Paris agreement.

All this responds to the aspirations of all and is in accordance with the spirit and letter of the Paris agreement.

2. In this spirit, the PDK proposes that appropriate measures be taken, including setting up of an SNC Administrative Consultative Body [ACB] within the administrative structure and all the Cambodian parties' police forces. This ACB should be chaired by UNTAC representatives. This body's task is to assist UNTAC in the control of all Cambodian parties' administrative networks and police forces to ensure that nothing is hidden and to foster mutual confidence among all Cambodian parties and achieve national reconciliation and a neutral political atmosphere in order to organize free, democratic, and fair elections.

II. The PDK has carefully and meticulously studied various proposals that have recently been put forward. These proposals could not achieve the goal of the Paris agreement; they contain nothing that would change the situation, which has not changed over the past year since the signing of the Paris agreement. They are also not in line with the spirit and letter of the Paris agreement.

III. The current situation in Cambodia is as follows:

1. There is no control of the withdrawal of all types of Vietnamese aggressor forces from Cambodia and their nonreturn to Cambodia;

2. The SNC has no rights, power, or means to fulfill its role as the legitimate and sole source of power in Cambodia.

For over a year, UNTAC has not only not closely cooperated with the SNC in implementing the Paris agreement, but has instead cooperated with the Phnom Penh regime, installed by the Vietnamese aggressors and occupiers in 1979. This regime has been condemned many times through resolutions of the UN General Assembly.

IV. Because of all these, the following violations of the Paris agreement are taking place:

1. Vietnamese aggressor forces remain in Cambodia in violation of the UN Charter; Vietnam continues to be a prop for the Phnom Penh regime.
2. Vietnamese settlers, who now number over 2 million, continue to flow into Cambodia. This is violating Article 49 of the 12 August 1949 Geneva Convention on the protection of civilians during warfare.
3. Hundreds of thousands of Vietnamese settlers have received Cambodian nationality from the Phnom Penh regime.
4. Vietnam continues to violate Cambodia's territorial integrity and sovereignty.
5. UNTAC has issued election laws allowing Vietnamese settlers to vote and has opposed granting voting rights to hundreds of thousands of Cambodian compatriots, who have been forced to flee abroad by Vietnam's aggression in Cambodia.
6. UNTAC has issued a penal code to protect Vietnamese settlers in Cambodia and prevented the Cambodian people from protesting or opposing the Vietnamization of Cambodia.
7. UNTAC has been doing everything to get financial and material aid to prop up the Phnom Penh regime by even daring to alter the essence of and communique concerning Cambodia's rehabilitation and reconstruction signed in Paris on 23 October 1991.

V. Implementation of the Paris agreement over the past year has enabled people to clearly realize the situation. The international community, foreign newspapers, and neutral observers have made the same point—that is, in Cambodia at present the situation is as follows:

1. The war in Cambodia has still not been resolved;

2. There is still no neutral political atmosphere;
3. The Cambodian people are disappointed and no longer have faith in UNTAC;
4. The prestige of the United Nations is being eroded.

VI. All these overwhelming and serious reasons show that it is now necessary to show political will and take concrete measures to solve this situation. In particular, UNTAC's cooperation with the Phnom Penh regime should be ended because this affects the interests of other parties in the SNC.

UNTAC should genuinely and closely cooperate with the SNC to jointly implement every point of the Paris agreement. Such cooperation is possible only when the SNC has rights, power, and means as granted by the agreement.

Only this way can there be national reconciliation and can there be a neutral political atmosphere in Cambodia for a general, free, and fair election to take place, and for Cambodia to have peace, security, and stability with independence, national union, and territorial integrity.

The PDK's 22 August 1992 proposal has no other intention than to achieve the goal of the Paris agreement because this goal is also the goal and survival of the Cambodian nation and people.

The PDK would like to again stress that it unswervingly respects the 23 October 1991 Paris agreement and firmly pledges to do everything to get the agreement implemented correctly and fully without bias because the survival of Cambodia and the Cambodian people depends on implementation of the Paris agreement.

[Dated] 29 October 1992
[Signed] Spokesman of the PDK

KR Views Japanese Defense Minister's Statement

BK3110052092 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 30 Oct 92

[Text] Upon arriving in Phnom Penh, the Japanese defense minister recently said: I ask Democratic Kampuchea to comply with the Paris agreement and disarm.

People in Phnom Penh have said that people in and outside Cambodia clearly know who has implemented and who has opposed the Paris agreement over the past year. Democratic Kampuchea, the Cambodian national resistance forces, and the Cambodian people, along with the overwhelming majority of independence- and peace-loving people the world over, have made efforts to implement the Paris agreement in accordance with the real essence of the accord. Vietnam and its puppets, UNTAC [UN Transitional Authority in Cambodia] leaders, and alliances inside and outside UNTAC have categorically opposed the Paris agreement; they have colluded in implementing an altered agreement to discard Democratic Kampuchea and have forced and dragged others into being part of Vietnam's puppet regime and made them into one or two parties.

People in Phnom Penh say that it is in accordance with this political goal that over the past year Vietnam, its puppets, UNTAC leaders, and alliances inside and outside UNTAC have made efforts to carry out activities secretly and openly in the military, political, diplomatic, economic, and propaganda sectors to grossly and crudely oppose those who resolutely stand by the Paris agreement. The statement by the Japanese defense minister is part of the above activities.

People in Phnom Penh say that this crude statement by the Japanese defense minister is not conducive to implementation of the Paris agreement but instead an expression of a superpower's rights over others. If this is the name of the game, the Paris agreement cannot be implemented. The Cambodian people have been aware of and felt hate for this game for a year already.

Akashi on Maintenance of UNTAC Force Presence

OW3010153192 Tokyo KYODO in English 1457 GMT 30 Oct 92

[Text] Phnom Penh, Oct. 30 KYODO—The head of the United Nations Transitional Authority in Cambodia (UNTAC) said Friday it could maintain part of its multinational peacekeeping force in Cambodia even after the establishment of a new government in August 1993.

In an interview with a delegation representing Japanese local newspapers, UNTAC head Yasushi Akashi said, "The U.N. presence could be continued on a small scale."

Akashi's remarks indicate the possibility of maintaining partial functions such as cease-fire monitoring.

This is the first time that Akashi has mentioned the possibility of UNTAC troops remaining in Cambodia after the establishment of a new government in Phnom Penh.

"Most Cambodian people have fears of the situation after UNTAC withdraws from the country," Akashi told the delegation.

He said that it would be "impossible" to maintain the current level of a 20,000-strong force amid increased requests for U.N. activities from many countries.

Akashi said, however, "If all Cambodian factions and classes want it, and the U.N. Security Council makes a resolution, (the troops') presence can be maintained."

The Paris peace agreement on Cambodia, signed in October 1991, calls for UNTAC to end its duties once a new government is established and a new constitution adopted within three months after a general election.

Akashi, on the assumption that the general election will be held in May 1993 as scheduled, said, "UNTAC can withdraw (from Cambodia) in August 1993 if things go well."

Japanese Ambassador to Cambodia Yukio Imagawa also told the delegation that mediation efforts by Japan and Thailand between UNTAC and the Khmer Rouge faction "failed to produce any results."

Imagawa said the Khmer Rouge instead started criticizing UNTAC and sidestepped requests that it comply with the second phase of implementation of the Paris peace accord.

The Khmer Rouge is militarily the strongest of three warring factions opposed to the Vietnamese-backed Phnom Penh government.

Its refusal to embark on the second phase of the Paris accord requiring that all factions disarm and demobilize is the main obstacle to holding the general election, diplomatic sources said.

3 Thai Firms Involved in Large Logging Project

BK3110063692 Bangkok BANGKOK POST in English 31 Oct 92 p 7

[Text] Sisaket [Thailand]—Three Thai companies authorised to import logs from Cambodia will begin moving logs into Thailand on November 15, representatives said yesterday.

The companies would have only six weeks to move the logs because the Supreme National Council (SNC) of Cambodia has declared a moratorium on log exports starting on December 31.

The logs will be brought into the country through Phra Palai Pass under an authorisation made by the Interior Ministry on September 8, which was 15 days before the SNC issued the moratorium over Khmer Rouge objections.

There was no indication of the quantity of logs to be imported.

But a representative of A. Victor Development said his company had been given a concession to fell trees in 222 square-kilometre of forest in Chom Krasan District in the northern province of Preah Vihear.

Mr Nophon Tangsunat said the company is authorised to cut up to 600,000 cubic metres of wood.

The two other companies are Amnat Charoen Sawmill and Sin Siam Partnership.

Representatives of all three companies notified officials of their plans at a meeting here yesterday.

They said the Interior Ministry had given them permission to use Phra Phalai Pass for log imports for five years.

The companies are now building a road from the pass to the area where the logs will be kept for customs procedures.

Customs and immigration outposts are also being prepared at Ban Koke Thorn, Tambon Bakdong, Khun Harn District.

Ranariddh on Seeking Peace With SRV, Thailand

BK3110085492 Hong Kong AFP in English 0657 GMT 31 Oct 92

[by Andrew Sherry]

[Text] TAKMAO, Cambodia, Oct 31 (AFP)—Prince Norodom Ranariddh, an early front-runner in Cambodia's election campaign, called Saturday for a peaceful settlement of his country's disputes with Vietnam and Thailand.

"The Khmer Rouge don't have a monopoly on nationalism," Prince Ranariddh said after inaugurating an office of his FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Camodia] party in this Phnom Penh suburb.

"I'm as nationalist as they are. But killing doesn't interest me. Killing doesn't interest the Cambodian people. A pogrom doesn't interest the Cambodian people."

The Khmer Rouge faction has scored political points by attacking the presence of Vietnamese settlers in Cambodia, claiming that Hanoi is carrying out a deliberate policy of "Vietnamization" here.

During their 1975 to 1979 rule over Cambodia, the Khmer Rouge slaughtered thousands of ethnic Vietnamese and launched cross-border raids against their larger neighbor, triggering the Vietnamese military invasion that ousted them from power.

Up [to] one million Cambodians also died during the same time as the Khmer Group pursued its form of extreme Marxist agrarianism.

The faction fought a long guerrilla war against the Vietnamese-installed Phnom Penh government, and now refuses to disarm as called for by last year's peace treaty, claiming Vietnamese troops remain in Cambodia.

Prince Ranariddh said he shared the Khmer Rouge concerns that Vietnamese settlers were threatening Cambodia's ethnic identity, and was also concerned about territorial disputes with Vietnam and Thailand.

But the Cambodian people do not want more war, he said. Instead, the Cambodian Government elected next May should find a "peaceful solution" to its differences with its neighbors.

"We are eight million Khmers (Cambodians)," he said. "How can we fight Vietnam with a population of 63 million and Thailand with 57 million?"

Earlier he promised his supporters: "I will not give up an inch of territory, I will not spill a drop of blood."

FUNCINPEC was one of two non-communist guerrilla factions loosely allied with the Marxist Khmer Rouge in the struggle against Phnom Penh.

Though it was much smaller than the Khmer Rouge as a guerrilla faction, FUNCINPEC has built the biggest political organization of any of the Cambodian parties in the year since the peace treaty was signed.

Funded primarily by contributions from Cambodians in the United States, it has opened offices in 17 Cambodian provinces so far, Prince Ranariddh said.

The party has capitalized greatly on the prestige of its founder, Prince Ranariddh's father Prince Sihanouk, who is now the officially neutral chairman of the Supreme National Council (SNC), which groups all four factions.

Prince Ranariddh said the Khmer Rouge should not be excluded from the SNC or the U.N.-organized elections due in May, but he warned that they would exclude themselves from the process if they did not register voters by the end of the year.

If the Khmer Rouge do not participate in the elections, a victorious FUNCINPEC would not invite them to join a coalition, he said. If they do participate, he suggested that they could form a "legal opposition."

A likely coalition, he hinted, would be between FUNCINPEC and its former rival, the Phnom Penh government—whose security and military apparatus would be difficult to dismantle.

Activities Commemorate Sihanouk's 70th Birthday

Chea Sim Speaks at Birthday Fete

BK3110120192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 31 Oct 92

[Speech by Chea Sim, chairman of the Cambodian People's Party, at the ceremony to commemorate Prince Nodorom Sihanouk's 70th birthday at Tevea Vinichhay Palace on 30 October—recorded]

[Text] My respects to highly esteemed His Royal Highness [HRH] Prince Norodom Sihanouk—father of the nation, head of state, chairman of the Supreme National Council [SNC], and father of the national reunification of Cambodia—and princess consort. My respects to beloved princes and princesses, excellencies and madams, and ladies and gentlemen.

Today is a marvelous day when the Cambodian People's Party [CPP] and the National Assembly and Government of the State of Cambodia [SOC] as well as provincial and municipal governors and the Cambodian people, who are the prince and princess' children, grandchildren, and great grandchildren across the country, are joyfully commemorating the prince father's 70th birthday.

On behalf of the CPP, the SOC National Assembly and Government, and the entire Cambodian people, I would like to express sincerest gratitude to HRH Prince Norodom Sihanouk and the princess consort, who have permitted the delegation of the CPP and National Assembly and Government of the SOC to extend best wishes to the prince father on this wonderful occasion.

Availing myself of this opportunity, I would like to respectfully extol the prince for his tireless efforts and achievement scored in the sublime royal crusade to wrest back national independence in 1953 for the cause of the nation and the people, who are his children and grandchildren. Cambodia's history has recorded the prince father's great achievement, particularly his success in terminating colonialism in Cambodia. From now on, under the royal leadership of the prince head of state, Cambodia has become an independent, peaceful, and totally sovereign country where a neutral and nonaligned political regime is adopted. Now Cambodia has become an oasis of peace and a country with proper national pride in Southeast Asia and the world.

The prince father's policy of Sangkum Reas Niyum promoted the country's development and allowed the people to live in peace and happiness within a great national family, furthering the task of the great ancestors of the glorious era of Angkor. The luminous intelligence and active and vigorous energy as well as the activities and accomplishments of the prince father had prevailing influence over the international arena and the five continents, thus elevating the Cambodian nation's splendid renown in that era.

Unfortunately, the prince father's royal government was toppled in a military coup in 1970 and the country was then plunged into a destructive war. With the national liberation movement under his royal leadership, the prince, who was then the chairman of the national liberation front, marshalled all patriotic forces to rise up carrying out a struggle until a success was achieved on 17 April 1975.

With the opening of a new chapter of Cambodia's history in April 1975, the entire people should have enjoyed happiness under the harmonious shade of the prince. On the contrary, the people's will and aspiration were thrown into a hopeless quagmire and an unprecedented historical disaster that put Cambodia to ruin. The prince father—the then national liberation movement leader—was persecuted, some members of the royal family were executed, and the entire people were systematically, cruelly, and barbarously massacred. Every Cambodian can never forget the historic bitter and horrible lesson between 1975 and 1978.

The darkest era has lapsed and the stage of rebirth has already begun with a new historical chapter for more than a decade. And since 23 October 1991, the phase of national reunification with a view to ending a war, which has ravaged our beloved country for more than two decades, has been in progress. The long, difficult, and complicated process for achieving peace and Cambodian national reunification has proceeded thanks to the inseparable supreme contributions of HRH Prince Norodom Sihanouk, the father of Cambodian national reunification.

Nearly one year after the prince's return to the motherland at the invitation of the CPP and the SOC Government, which have unswervingly followed him in his mission of national reunification and in his capacity as the father of the nation, head of state, chairman of the SNC, and father of national reunification. This has made the people, who are his children, grandchildren, and great grandchildren, feel secure and established their confidence in the glorious future of the country under the cool shade of the prince father.

The crusade conducted by the prince father and his tireless efforts in the process of promoting peace and national reunification and effecting the accord have brought about positive results. The great results have chiefly been achieved in the search for aid to rehabilitate and develop the country and in the organization of the process for activating the accord's implementation toward an eventual national reunification despite difficulties created by some parties.

The prince father's deeds and kindness will definitely be linked to the future glorious fate of the motherland of Angkor and of every Cambodian. The prince is absolutely an important initiator, who is skillful at carrying out the policy to bring about national reunification for the sake of peace and development of the country and nation. In particular, during this difficult and complicated transitional period toward peace and stability in the near future, there is only the prince father who is able to achieve this great historical task of leading the country and people who are children, grandchildren, and great grandchildren toward the shore of genuine peace and stability and rebuilding our beloved Cambodian motherland according to the Sangkum Reas Niyum policy of prosperity, thereby allowing our nation to catch up other developing countries.

The CPP and the SOC National Assembly and Government will at all times follow the prince father by furthering the Sangkum Reas Niyum policy for the cause of peace, national reunification, democracy, and national rehabilitation and reconstruction. They wish to solemnly declare their total support for the prince father's candidacy for the presidency of Cambodia through general and legislative elections, since this constitutes a requirement of circumstances conforming to the need of peace, stability, and national reunification in Cambodia.

On the commemoration of the prince father's 70th birthday, I—on behalf of the CPP, the SOC National Assembly and Government, and the Cambodian people, who are all his children, grandchildren, and great grandchildren—would like to extend best wishes to the prince father. May your highness have a long life, the best of health, and [words indistinct] so that you are able to continue leading the country and nation and remain as the cool shade for the Cambodian people forever. Thank you.

Sihanouk Gives Birthday Speech

BK0111101192 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 31 Oct 92

[Speech by Norodom Sihanouk at ceremony to mark his 70th birthday in the royal palace in Phnom Penh on 30 October—recorded]

[Text] Greetings to Their Excellencies Chairman Chea Sim and wife, Hun Sen and wife. Greetings to Their Excellencies, gentlemen, ladies, and most beloved children.

First of all, I would frankly like to say that I am very moved to have received the most valuable present from Their Excellencies Chairmen and wives, ladies and gentlemen, and most beloved children; clear-sighted leaders, civil servants, and distinguished members of the Cambodian People's Party [CPP] during the ceremony organized by the State of Cambodia and the CPP on my 70th birthday. I would like to take this opportunity to thank Their Excellencies and wives, ladies and gentlemen, and children in the CPP, with His Excellency [H.E.] Chairman Chea Sim as a clear-sighted leader and the SOC Government with H.E. Chairman Hun Sen as an outstanding leader.

I will never forget the justice given to me by the children in the CPP and SOC Government, and all the children members and loyal supporters of the CPP and the SOC Government. This is all-round justice, since the time H.E. Chairman Hun Sen and his wife went to Beijing, capital of the PRC, to accompany my homecoming on 14 November 1991. Since that day I have been at peace and have the energy to serve the nation despite my advanced age. I get my energy partly from the good, regular, and friendly care provided by Chinese professors and doctors. However, most of it comes from the love, gratitude, confidence, and support for the prince father and grandfather; particularly when this comes from the CPP and the SOC Government; in the capital, provinces, districts, communes, and villages.

Party and state leaders have rallied people to expand and consolidate unity and national union around the prince father, grandfather, and great-grandfather. They have kindly given me a boost of energy, particularly when I see our combined efforts to build and restore our people and nation. We have cooperated well in national construction, continuing our work from the Sangkum Reas Niyum [Sihanouk's former political party] after wasting over 20 years due to war and conflict, and because of a bitter era when all of us were victims.

We have not wasted any time after this in restoring and building our country toward constant progress by relying primarily on ourselves, Cambodians and Cambodia's means. It is also important that we have assistance from foreign friends and the international community. However, as I said in the Sangkum Reas Niyum era, Cambodia should primarily rely on itself. What the CPP and the SOC Government have done to serve the nation and the motherland is correct for which I express warm thanks, admiration, and immense gratitude. Furthermore, please realize we all will live in peace, and will prosper as long as we preserve and improve our good traditions.

Above these traditions is religion. Since they came to power in January 1979, the SOC and the CPP have restored Buddhism at my request from abroad. Buddhism is the religion of our state and nation. We have Buddhism. Buddhism is an international religion. Buddha was born in the Kingdom of Nepal. He came to preach and carry out the most noble activities to save mankind in places such as India. Buddhism spread to Southeast Asia and Cambodia. We have set rules and discipline and correctly studied the Buddhist doctrine as far as the master's prescriptions are concerned. We have also endowed our religion with Cambodian traits to suit the Cambodian mood and need. This is very good. Apart from Buddhism, we have also maintained Islam—this is also allowed by Buddha.

I am very satisfied. Their Excellencies Chairmen Chea Sim, Hun Sen, and Heng Samrin went to all places to elevate religion, Buddhism first and Islam second. Other religions have also been rightly supported. People of other faiths have also been given aid. For example our compatriots in Ratanakiri and Mondolkiri Provinces, and other regions, have their traditional beliefs. These have also been revived.

What the CPP and the SOC Government, the three excellencies chairmen and wives, and the ladies and gentlemen, have done since 1979 are correct in my view, although I have been taking part in this only since November 1991. So, I would like to take this solemn occasion to express my satisfaction and warmest thanks and admiration.

In celebrating my birthday, we are also paying respect to our people and nation who, not only love and are grateful to the prince father, but also love the proper traditions which have elevated our country internationally. Reputable countries earn respect first from efforts to provide peace and unity to build and develop the countries; second, and this is also very important, is the effort to improve the standard of living and to glorify traditions as an honor to the nation locally and abroad, such as the case of the Kingdom of Thailand, represented here by H.E. General (Nawet Na Nongkhai) in his role as representative of the Kingdom of Thailand attached to the prince father.

So, this is good. I am very proud to have received all kinds of justice. All the good things I have done in my life when I was head of state and leader of Cambodia, as H.E. Chairman Chea Sim said in his detailed and oustanding speech, he, on behalf of the CPP, has given me justice, particularly concerning national construction in the Sangkum Reas Niyum era, the demand for full independence with territorial integrity for the motherland, and efforts to provide peace and build a good name for our Cambodia as an oasis of peace. Later, I received all kinds of justice for my service and defense of the people and the motherland. This was correct. The CPP and the SOC Government have not forgotten any of this. I am happy and very moved, not because I am a person who wants prestige and honor. I just want justice. Before I die, I would like to have the comfort of knowing that a major party and a large part of the Cambodian people and nation have recognized this and given me justice. This is to prevent foreigners or some Cambodian—who have not been just to me, those who for some reason have held grudges against me—from deviating from the truth in their writing.

Therefore, the fact that all of you on the side of the CPP and the SOC Government, who have given me all-round justice have convinced me that after my death I will be (?remembered) as Norodom Sihanouk, not as king or head of state but as the one responsible for building and defending the nation. In this era, I do not have power; and I do not want prestige and honor. However, over the past few days you had given me great honor. In fact, the great honor we have received from Their Excellencies, the two chairmen and wives, and all of you, is comparable to that of a king and queen. I am very moved. However, I dare not think that we are king and queen. What moves us is the justice all of you have given us on behalf of your party and state.

As for those who came to greet us, I consider the greetings paid to the two of us not as to a king and queen. We are very happy because of the fact that we are considered as father and mother, grandfather and grandmother. Thus, we would like to ask to be allowed to consider that we have received revered greetings because we are considered as father of the nation and your own father or relatives. Therefore, I would like to receive these greetings in the name of the father of the nation, elder brother, [words indistinct]. We would like to consider them as coming from relatives, mother; we dare not say grandmother [words indistinct] [chuckling] We would like to receive them that way. Thank you very much.

The current policy we are implementing together is being carried out well. I am most happy during trips with Their Excellecies Chairmen Chea Sim, Hun Sen, and Heng Samrin, and respective wives, to various wards in Phnom Penh, other cities and provinces, districts, and rural areas. Then, I notice the good life of the people who are now happy and free again with improved living standards because the CPP and the SOC Government have close relations with and are genuinely serving the people. I am a witness to this.

I watch television daily and really see this. The three chairmen went to remote and rural areas and shared the people's work; they serve the clergy and also help Islam. Buddhism and Islam. The people's living standards are improving, our motherland keeps developing. Why? This is because of the great efforts of their excellencies and wives, and all of you. This is to my satisfaction. I also know that this effort has not been made because the prince is here. This work has been done over many years along a correct path. What satisfies me even more is the fact that since the prince father's arrival, people seem to have become more energetic [chuckling] because of the realization that the father is here; there is more energy around. This is what I see. Sorry if what I say is not proper, but this is what I notice. More efforts have been made to please me, the father. With a father as the shade and comfort, the children have achieved more results.

The prince father did not go to some places; but I have been to many. I have seen the places I have not been to on television. I believe you have made efforts in every field. In particular, I have inaugurated new accomplishments, which continue from the Sangkum [short for Sangkum Reas Niyum]; these are achievements of the CPP and the SOC Government in cities and provincial towns. We are happy, particularly with the efforts in the social, public health, education, agriculture, and communications sectors and with the water policy. There has been a lot of progress in the economy. Visitors noticed that great progress has been made in the past few months since the prince's return. Great economic development has been made. There are a lot of activities. This shows development.

In sum, taking over from the Sangkum Reas Niyum is the CPP and the SOC. I am very glad about this. As in the Sangkum Reas Niyum era, I say that your great gift for me is progress for the people and achievements which are beneficial to our people and motherland. You all have really been doing this. For this reason, I express thanks and admiration with most profound love and gratitude.

Finally, I thank you very much for decorating the Tevea Vinichhai pavilion in the royal palace. At some places things have been added to make it better. H.E. Kong Sam-ol, on behalf of the party, their excellencies chairmen, and the SOC, worked day and night with his colleagues at all levels in all ministries to take good care of me and my family. In the royal palace, efforts have been made day and night to decorate the place, not just for the current ceremonies but to serve as national heritage for our country's honor and prestige.

Angkor Wat, Angkor Thom, and stone temples from the past are priceless. The entire world has nothing equivalent to Angkor. This is the truth. However, our monasteries, palaces, the royal palace itself, and national museums in Phnom Penh and some other places, are a national heritage, next to Angkor of course in terms of value, but of great value nonetheless. We are restoring and improving these places not just for the honor of our nation at present but also for the future. This is very good.

Even some communist countries have taken care of their heritage. They have undertaken such restoration, such as in China. Other former communist countries, even when they were fully communist, have also done the same, such as the Soviet Union which I visited. The Kremlin palace is being taken care of and preserved as a national property. What the SOC and the CPP have done in this respect is also correct.

In this speech I have not talked about our problems in implementing the 23 October 1991 Paris agreement, and our cooperation with UNTAC [UN Transitional Authority in Cambodia]. There are still problems, many problems. However, the most important thing is for your party—the CPP and the SOC—to help ensure peace, prevent insecurity from spreading, and prevent fighting from resuming to the best of their ability. This is the most important thing.

There are things that we have been asked to do. We and our people also want this, for example liberal democracy, a free market, free press, all kinds of freedom, and respect for human rights for the benefit of our people and nation. All this has been correctly and most rigorously adhered to by the CPP and the SOC. UNTAC have even said that H.E. Chairman Hun Sen and his government, on behalf of the party and the SOC, has provided whatever building they have requested, despite our shortages and other difficulties. They told me this when I meet them. They say the CPP and the SOC have done their best to help [chuckling]. We have never balked at implementing other regulations passed on to us. We are doing our best to comply.

However, the problem does not come from you; it comes from somewhere else. We have to make efforts, as H.E. Chairman Chea Sim said in his lofty speech in which he gave me the title of father of national reconciliation. I will continue to make efforts in this role. I dare not guarantee that I would be successful but as the French proverb says—Buddha also taught us this—we have to persevere. Whatever the case, we can avoid the great danger even if we cannot successfully solve the national reconciliation issue and ensure peace 100 percent. We could prevent the motherland from returning to the war path. We [words indistinct] some cases when we can reconcile the nation within the framework of our new regime. This regime is very important but it is difficult to make it work.

However, our perseverance and sincere efforts—out of genuine patriotism and loyalty to the people and not just to the Paris agreement—are not useless though there are some obstacles or problems we have not been able to overcome or solve. We have solved many already. I have asked UNTAC to say frankly whether this is so. This is the case. This is another achievement of the CPP and the SOC Government, and also of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Coperative Cambodia] party—an ally of the CPP. It has signed an alliance with the CPP. Both are children of the prince father. I would also give justice to other people who have made efforts. This is to prevent people from saying that I forgot them and only praised some others [chuckling] Please let me remember them also in my name as father of national reconciliation.

It is my duty to appeal to all the children, even those who do not consider themselves children but rather nationalists, that they should think of our national interest. If we are nationalists, we should do this. We should unite and ensure that our Cambodia has independence and territorial integrity with peace, and regain the title as an oasis of peace.

This is the end of my speech. I pray that the triple Buddhist jewel, angels, and the souls of former kings and queens since the Angkor period down to the 20th century, look after Their Excellencies Chairmen Chea Sim, Hun Sen, and Heng Samrin, and their respective wives, and all of you, compatriots, children, grandchildren, and great-grandchildren, and fine members of the CPP and SOC. May you all enjoy the five Buddhist blessings. May great victories be greater and be yours in leading the people and in assuming responsibility for carrying on the policies for the nation and motherland, in national construction in particular. May you score victories always. May this happen to the CPP and the SOC Government with H.E. Chairman Chea Sim as a clear-sighted leader, and Their Excellencies Chairmen Hun Sen and Heng Samrin.

My wholehearted thanks with much love and highest consideration. We will be together as a family always. I am convinced that in future lives, we will still be together because we have made merit together. Thank you very much. My wife also would like to express great thanks.

Sihanouk Anointed at Temple

BK3110085592 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 30 Oct 92

[Text] An anointment ceremony was organized for His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Cambodian Supreme National Council, at Vihear Suo Temple at 0730 on 31 October, the birthday of HRH Prince Norodom Sihanouk.

Attending this ceremony were Supreme Patriach Tep Vong, head of the Mahanikay sect; Supreme Patriarch Buo Kri, head of the Thammayut sect; His Excellency [H.E.] Kong Sam-ol, standing member of the Cambodian People's Party [CPP] Central Committee and vice chairman of the Council of Ministers; Prince Norodom Chakkrapong, standing member of the CPP Central Committee and vice chairman of the Council of Ministers; H.E. General Sin Song, standing member of the CPP Central Committee and minister of national security; Prince Norodom Ranariddh, chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]'s party; and many royal relatives and leading officials.

After HRH Prince Norodom Sihanouk went inside the temple to burn incence sticks and light candles to commemorate the souls of ancestors and benefactors, the supreme patriarch of the two sects, along with wisemen and Baku [Brahmin priests] sprinkled lustral water on and wished HRH Prince Norodom Sihanouk longevity to serve as a cool shadow for the Cambodian people.

Afterward, HRH Prince Norodom Sihanouk offered gifts to the two supreme patriaches and expressed great thanks to royal relatives and the CPP for organizing this solemn ceremony. He called on the children in all parties to pool their minds and hearts to build the country toward peace and security. He himself will strive further to promote the peace process for the supreme interest of our Cambodian nation and Buddhism.

Heng Samrin Thanks Sihanouk for Condolences

BK0111093992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 31 Oct 92

["Message of Thanks" to Prince Norodom Sihanouk from Heng Samrin; dated 30 October—read by announcer]

[Text] Revered Samdech: I, my wife as well as our children and relatives are deeply touched by your message dated 29 October 1992 in which you expressed sympathies on the death of my mother. I acknowledge the receipt of your personal contribution of $2,000 for the merit-making ceremony for my mother.

I sincerely thank the prince father for your kindness and am very sorry to have not been able to attend your 70th birthday celebration.

Availing ourselves of this opportunity, I and my wife as well as our children and family would like extend our best wishes to the prince father and the princess consort. May you both have the best of health and longevity so that you can remain as a cool shade for your children, grandchildren, and great grandchildren forever.

The prince father and princess consort, please accept our deepest respect and loyalty.

Indonesia

Reportage on Situation in East Timor

Alatas on Efforts To Solve Issue

BK2910153892 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 29 Oct 92

[Excerpt] Responding to newsmen in Singapore, Foreign Minister Ali Alatas said that the problem of East Timor could be solved if Portugal is realistic. He said that efforts to solve the East Timor issue will fail if Portugal still insists that the views of a majority could be changed by those of a small minority. He said that Portugal should take realistic and responsible action and accept the international community's views on the East Timor issue. Minister Alatas reiterated that the stand of the majority of the East Timor people was already clear and it would be unreasonable for Indonesia to reassess their stand just because of a vocal tiny minority. [passage omitted]

Military Commander Interviewed

BK3110090192 Jakarta TEMPO in Indonesian 24 Oct 92 p 30

[Interview with Brigadier General Theo Syafei, commander of the East Timor Military Operations Command, by unidentified TEMPO correspondent—place and date not given]

[Text] [TEMPO] The Indonesian Government has refused to allow an Australian parliamentary delegation to visit East Timor. Was it due to objections by the East Timor Military Operations Command?

[Syafei] I can understand if the Australian parliamentary delegation felt disappointed. I understand their disappointment because they had fixed a date to visit East Timor, namely on 28 October. That very date seemed to be more important that the visit itself, because Sebastio Gomes, a Fretilin [Revolutionary Front for an Independent East Timor] youth, died on 28 October last year. Obviously, the Australian delegation did not plan to visit East Timor to celebrate our Youth Pledge Day, which fell on the same day. When we proposed another day for them to visit the province, they looked very disappointed.

[TEMPO] In other words, the delegation had deliberately selected the timing of the visit?

[Syafei] Well, perhaps they wanted to come here to see or to instigate something. As a person responsible for the security here, I will certainly not allow it to happen. If they want to see or to inspect something here, I also disagree.

[TEMPO] Was the ban for the visit caused by the recent armed clash between the security and Fretilin forces in the Baucau District?

[Syafei] No, we received the Australian delegation's letter before the clash. After that, I consulted the central government in Jakarta on why the Australians wanted to visit East Timor on 28 October. Actually, there are two other delegations who want to come here on 10 or 14 November. I am not sure if Jakarta has approved their request.

[TEMPO] Next month marks the first annniversary of the Dili incident. There seemed to be a show of force [preceding three words in English] on the part of the security forces in the last few weeks. Are these a sort of preventive measures?

[Syafei] We must be realistic. The Fretilin also had certain timing for their moves. For example, they launched their moves when former U.S. Ambassador John Monjo and Amos Wako, special envoy of the UN secretary general, were visiting the province. It would have been unwise if I had allowed them to capitalize on that certain date. I do not want to give the impression that we are indecisive or weak. Therefore, I must admit that it is necessary for us to take preventive measures.

Detainee Denied Travel Permit

BK0111092092 Hong Kong AFP in English 0905 GMT 1 Nov 92

[Text] Jakarta, Nov 1 (AFP)—Indonesian authorities have denied an East Timorese currently jailed for subversion here a permit to go abroad to receive a human rights award, the JAWA POS daily said Sunday.

The U.S.-based Reebok Human Rights foundation, led by former U.S. president Jimmy Carter, decided last month to award this year's Reebok Human Rights award to three people, including Fernando de Araujo, an East Timorese jailed for nine years for involvement in anti-Indonesian activities here.

"I have denied Fernando the permit to go to the United States," Deputy Chief Justice for General Courts Adi Andoyo Sucipto told the daily, adding that it was fully within his power to do so.

Araujo, 26, held at the Cipinang jail here following his sentencing in May, has said he wanted to go to the United States to receive the award.

Indonesia has alleged that Araujo was the leader of the National Resistance of East Timorese Students (Renetil), a youth movement fighting for self-determination in East Timor that he set up in 1988 in Bali.

Authorities said Araujo, who was studying literature at Udayana State University in Bali, had also masterminded an anti-Indonesian demonstration held here a week after the massacre last November 12 in the East Timorese capital of Dili in which scores of civilians were shot dead by Indonesian troops.

Indonesia unilaterally declared the former Portuguese colony of East Timor its 27th province in 1976, but the move has not been recognised by the United Nations, which still considers Portugal as the rightful administrator of the territory.

Joint Military, Police Exercise Held in Surabaya

BK0211051592 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 2 Nov 92

[Text] General Try Sutrisno, commander of the Armed Forces of the Republic of Indonesia [ABRI], hopes that the 1992 joint ABRI exercise can provide the answer to the ABRI's capabilities, review its current activities, and demonstrate the people's role in the national defense and security system. Speaking to newsmen after opening the second joint exercise at the Ujung Base of the Indonesian Navy in Surabaya yesterday, Gen. Try Sutrisno said that the joint exercise was part of operational activities to assess the ABRI's fourth strategic plan from 1988-1993 and would simultaneousluy serve as the basis for the next strategic plan to consolidate the ABRI's quality.

The second joint exercise, involving 15,000 personnel of the Indonesian Army, Navy, Air Force, and Police, is employing two patterns of operations—against an external attack or aggression and against internal security threats, respectively.

Official on Democratization Progress in Burma

BK3010114092 Jakarta ANTARA in English 1030 GMT 30 Oct 92

[Text] Jakarta, Oct 30 (OANA-ANTARA)—Democratization process in Myanmar is proceeding gradually, but in fully reaching democracy, the country's leaders should consider various factors, including the possible threat against national security, third secretary of the Embassy of Myanmar (Burma), Soe Lynn Han, said here on Friday.

There are many factors which should be taken into account especially as it is not easy to change one political system to another, he told ANTARA.

According to Soe, the government has begun to create an atmosphere for the establishment of democracy in Myanmar, such as appointing a fifteen member steering committee.

The government, in cooperation with other parties, is also preparing for a national convention in January which has the duty of formulating the constitution of Myanmar.

Based on the constitution we will form a government to replace the present military one, he added.

According to him, changing of political system some time has high risk for national security.

There are many examples already and we do not want a tragedy such as those in Eastern Europe to take place in Myanmar, he said.

He explained that like Indonesia, Myanmar also consists of many minorities and ethnic groups.

It is of course not easy for us to satisfy all of them, he added.

Asked about democracy, he said, Myanmar will form a democratic government based on the cultural aspects of the Myanmarese.

Of course, our democracy will be never the same with western democracy, he said, adding that as a developing country, social interests of the Myanmarese should be high on the agenda.

About how long the current so-called transitional administration will last, he said, it depends on how long the national convention can complete the formulation of the constitution of Myanmars.

Without the constitution, we can do nothing, he added.

About the possiblity of the Nobel Peace Prize winner, Aung San Suu Kyi to return to the political activities, again Soe answered very carefully that, there may be a possibility, but I am not sure since it also depends on the constitution to be formulated by the national convention, he denied allegations that the government still limits her rights.

The government allows her to do anything. It even allows her to join her family, he said, adding that but, about returning to political life I realy don't know.

The constitution will determine the future direction of Myanmar, and now it has not been formulated, so, it is too premature for me to make any prediction, Soe said.

Paper Urges More Efforts To Attract Investors

BK3010153192 Jakarta SUARA PEMBARUAN in Indonesian 19 Oct 92 p 2

[Editorial: "Once Again a Drop in Investments"]

[Text] The government appears to be realizing more seriously the importance of adopting flexible investment regulations to encourage foreign and domestic investments in various parts of the economy in Indonesia. This is important particularly in the wake of a drop in investments in Indonesia in 1992 as disclosed recently by Drs. Rasidi M.A., deputy chairman of the Investment Coordinating Board [BKPM].

According to Rasidi, foreign investments approved by the BPKM as of 10 October amounted to only U.S. $4.75 billion covering 199 projects, while domestic investments approved by the agency totaled only 22.77 trillion rupiah covering 316 projects. Compared with last year, the foreign and domestic investments dropped by between 40 and 50 percent.

Although these figures are still provisional and do not yet reflect the actual amount of investments for 1992, the statement by the BPKM deputy chairman that it will no longer be possible for us to meet last year's level has more or less indicated that we should make various new breakthroughs to ensure that future investments will further increase or at least meet last year's level.

We realize that attracting foreign investors is a very difficult task. In fact, various efforts have been made like enacting a special law governing foreign investments and publishing its operational rules. Various facilities have been even created. All this is designed to attract as many foreign investors as possible to do business in Indonesia.

However, there is certainly something that should be studied deeply because we have failed to meet the target as desired. The results of this study must be quickly discussed by those involved in investments. After thorough considerations, the output must subsequently be embodied in regulations to ensure the flow of foreign capital into our country.

In fact, we have already noted that many countries are now in need of large-scale investments. They are not only within ASEAN but also in Africa and East Europe. In Asia, China and Vietnam are known to have strong potential to attract foreign investments.

It is interesting to note a Chinese report saying that foreign investments in that country have sharply increased. According to the report, Beijing itself absorbed U.S. $6.6 billion over the past nine months—an increase of 131 percent over the same period last year. It was also reported that China had approved 27,000 foreign investment projects from January to September 1992—an increase of 237 percent over the same period of 1991. The amount of the investments is estimated at U.S. $30.6 billion, representing an increase of 332 percent.

We cite the report to demonstrate that we are really facing serious challenges in seeking foreign capital. We must also realize that East European countries, particularly the former Soviet Union, have unique attractiveness for foreign investors. Anyway, the skills of these nations believed to be surpassing those of our nation, are an important factor that could encourage more foreign investors to go there.

In this connection, we must take positive steps immediately to ensure that foreign investments grow in Indonesia. We must at least be able to maintain the current flow of investments while seeking other means to increase the flow of foreign investments into Indonesia in the future.

For this reason, we should seriously react to the remarks by Junior Minister for Industries Tungky Ariwibowo in Bekasi last week in which he urged the government to adopt flexible regulations to spur investments. In this case, flexibility does not imply that regulations can be easily changed. Truly, it implies that we should pay attention to new challenges and provide businessmen with business confidence.

In the meantime, coordination among agencies should be developed. The old mistake in which one agency could make regulations so easily without considering their possible negative impacts must be removed. If not, whatever efforts we may make will not bring results that we all desire.

Rules on Foreign Ownership of Banks Liberalized

BK3110071692 Jakarta ANTARA in English 0534 GMT 31 Oct 92

[Text] Jakarta, Oct 31 (OANA/ANTARA)—The government has issued four implementation regulations in the financial sector on October 30, 1992 as follow-up of the ratification of Act No. 7/1992 on Banking and Act No. 2/1992 on the insurance, passed into law earlier this year by the House of Representatives.

The four regulations cover commercial banks, credit banks, banks operating on principle of profit sharing, and insurance companies.

Finance Minister J.B. Sumarlin said here on Friday that the regulations on banking deal with the issuance of permits to foreign investors interested in buying bank shares, matters relating to capital that must be paid up by new commercial banks and credit banks.

Article 14 of the regulations on commercial banks stipulates that foreign investors can now buy up to 49 percent of the total listed shares of state-owned banks on the capital market, the minister said.

The paid-up capital requirement for credit banks amounting to at least 50 million rupiah has not changed, but that for commercial banks it has been increased from 10 billion rupiah to at least 50 billion rupiah, and for foreign joint venture banks at least 100 billion rupiah.

The changes which applied to new banks are not intended to limit the number of the banks but for adjustment to the rapid economic development at present, the minister said.

The implementation regulations include a mechanism concerning merger of banks, stipulating that a permit of the finance minister would have to be obtained on recommendation of the Central Bank governor.

The same requirement also applies to the acquisition of a commercial bank if the taking over of the bank shares results in the control over more than 50 percent of shares of the acquired commercial bank.

Furthermore, the regulations also deal with the employment of expatriates and the adjustments of a non-bank financial institution to become a commercial bank, he said.

Laos

PASASON Reiterates Merit of One-Party System

BK3110141192 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 30 Oct 92

[PASASON 30 October article: "There Were Many Parties in the Past But There Is Only One Party at Present"]

[Text] Beloved listeners, some people claim that to have democracy, there must be many parties; and if there is only one party, there is no democracy.

Is this the truth? No, it is not.

To have democracy does not depend on having many parties. We can have democracy by having only one party. Democracy with one party is even better than one under many parties. Our people did not fully enjoy democratic rights under the old regime in which many parties existed. Worse still, they were even more severely suppressed by force when they got involved in political activities. That was because at that time, politics was regarded as an affair of only the then politicians and ruling cliques. Therefore, how could we consider such a situation democratic?

Another evidence of an undemocratic practice under the old regime was that the people had no right to cast votes for the persons of their choice. Instead, they had to elect only unpopular persons. Besides, every election was also heavily rigged with the use of force, influence peddling, money, and vote buying. Thus, how can we claim that having many parties is democratic?

Under the old multiparty regime, certain conditions and regulations were established to prevent ordinary persons from running as candidates in the elections, for example by imposing severely high rates for election fees and requiring an unusually high standard of education from candidates. As a result, no ordinary citizens were eligible for standing in the elections. Only those persons who were rich and influential were able to run in the elections, not ordinary persons. Therefore, how could anyone claim that having many parties was democratic?

How about having only one party, as it is now in Laos?

The Lao People's Revolutionary Party [LPRP], which is leading Lao society at present, is the party belonging to the entire laboring people. It was founded in the process of the struggle waged by the people and at the people's requirements. All lines, policies, and laws adopted by the state originated from the aspirations of the people. Therefore, it can be seen that the LPRP genuinely represents the rights and interests of the people of all strata in our society. This means that the rights and interests of the state and people are the same as those of the party. That is why there is no reason for the party to restrict its own democratic rights as well as those of people who gave birth to it. Because the party's interests are the same as those of the people, therefore, all lines and policies adopted by the party as well as all regulations and laws adopted by the state are linked to the destiny of the country and the interests of the people. Before adopting such policies and laws, the party must consult with and ask the people for their views. After the adoption of the said policies and laws, the party still continues to give advice on them to the people for effective implementation. The old multiparty regime could not do that. Thus, to say that having only one party lacks democracy is incorrect.

To sum up, it can be clearly said that having democracy does not depend on having many parties, but on practical deeds and on the exercising of the rights of mastership by the people in all respects. In another word, it depends on the genuine responsibility in the rights and interests of the people.

Preparations for Assembly Elections Continue

BK0111150392 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 31 Oct 92

[Text] The launch of political campaigns in preparation for the election of members of the Third National Assembly that began in September has now been extensively conducted among cadres, party members, soldiers, policemen, and people in all localities throughout the country. The second stage of the campaigns have already been conducted in certain areas in Khammouane, Savannakhet, Luang Prabang, Champassak, Luang Namtha, Saravane, Sekong, and many other provinces. The population census, the registration of eligible voters, and the division of constituencies and election stations have been basically completed.

Currently, preparations for the election to the Third National Assembly in the near future are being made by some grass-roots localities, districts, and provinces throughout the country. It is expected that such preparations will continue with a high degree of efficiency.

Investment Promotion Forum To Open in Australia

BK3010134892 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 30 Oct 92

[Text] The Australian Embassy in Laos announced on 29 October that His Excellency [H.E.] Deputy Prime Minister Khamphoui Keoboualapha will lead a high-level delegation of the Lao People's Democratic Republic [LPDR] to participate in a meeting on investment opportunity in Laos for Asia-Pacific businessmen scheduled for 4-5 November 1992 in Sydney, Australia.

The meeting to be held at the Hyatt [name indistinct] Hotel is jointly organized by the LPDR's Board of Foreign Investment Protection, Australia's Ministry of Foreign Affairs and Trade, and the United Nations Development Project [UNDP]'s project for study of foreign investment in the LPDR.

Foreign investors from hundreds of companies in Asia-Pacific are expected to attend this meeting. The Lao delegation led by H.E. Khamphoui Keoboualapha will comprise Bountiam Phitsamai, acting minister of foreign economic relations; representatives of the Ministry of Agriculture and Forestry, the Ministry of Trade and Tourism, the Ministry of Communications, Transport, Posts, and Construction, and the Ministry of Industry and Handicrafts; as well as a number of leading officials from foreign commercial banks in Laos and the LPDR's National Chamber of Commerce.

Businessmen in Vientiane who are interested in the aforementioned meeting can contact Mrs. (Ehiko Okabo), special advisor to the UNDP's project for study of investment in the LPDR, phone number 169804.

Official Discusses Sea Transport Development

BK3010113592 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 28 Oct 92

[Undated PASASON feature by Manisai: "Our Country and Sea Transports"]

[Text] Laos' sea transport services in the waters of some countries in Southeast Asia began about 10 years ago. Our first seagoing vessel, named Phatthana-188, is a small freighter with a weight capacity of 1,600 metric tons. The second one, named Vientiane, with a weight capacity of 3,000 metric tons, will be put into service in late 1992.

Dr. Maidom Chanthanasin, deputy director general of the Mauntainous Region Development Company, said: The first seagoing freighter of Laos, bought from Japan at the cost of U.S. $3.5 million, has been put into service on an experimental basis with the aim of developing sea transport services which never existed before. This vessel has transported goods between Laos and other neighboring countries, such as the SRV, the PRC, Thailand, Singapore, Malaysia, Japan, and other countries. In accordance with international standards, the vessel should be manned by eight crew members. However, we have assigned 20 crew members on this vessel to provide sea transport technical training to additional personnel for long- term future expansion. Our second seagoing vessel is still under construction in China with a contract worth some U.S. 5.3 million. This large vessel is being built to the current international standards. It is an adjustable container freighter—the same category of vessels presently being used by many countries around the world.

Our seagoing transport services have been developed to facilitate the government's economic policy of opening to the outside world and doing away with the long-held belief that Laos lacked access to the sea. We are now able to depend on ourselves step by step. Even though we may encounter difficulties in many fields in this area, for example a lack of experience and lessons, the future of our sea transport services will be further developed with firm steps.

Feature Reviews Extent of Foreign Investment

BK0211102192 Vientiane PASASON in Lao 19 Oct 92 p 2

[Feature by Phoudindeng: "Various Branches of Foreign Investment in Laos"]

[Text] According to a statistical figure compiled by the Foreign Investment Management Committee, until now, a total of 25 countries have invested in Laos, mainly because of the country's richness in natural resources and the government's correct policy that suits current circumstances.

Foreign investors who originally started with small-scale businesses have expanded their projects to greater dimension. Most investors put their investments in the form of joint ventures, which are recorded as high as 46.5 percent, while the pure foreign investment sector is 42.5 percent. Of the total number of foreign investment projects in Laos, Thailand alone takes a big share with 68.8 percent.

Several economic investment projects are focused on exploiting the potential of our country, such as the fields of agriculture and forestry, industry, and mining. Various services, such as import-export, hotel and tourism, banking, transport and construction, consultancy, and other businesses are also targetted.

The goods processing industry covers 45.7 percent, including the processing of garments for export. This particular industry has played an important role as a key factor in gradually introducing modern science and technology, building the country's industrial foundation by means of producing goods for export in stead of importing ready-made goods, and promoting production of goods from local materials. At the same time, the industry has helped train Lao workers and technicians in work discipline and given them capabilities similar to those in industrial circles in developed countries.

A major investor is interested in investing in Laos for the exploitation of potential underground natural resources, such as oil, gold, copper, iron, gems, and others. In this field, investment has been in mining and oil enterprises, which constitute 5.5 percent of the total number of investment projects and 15.7 percent of the total value of foreign investment in Laos.

In conclusion, foreign investment in Laos is becoming considerably extensive. This reflects the Lao Government's policy corresponding to current circumstances and Laos' many potential areas for growth, which attract foreign investors.

Philippines

'Refinements' Proposed to Peace Talks Agenda

HK3110072492 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 30 Oct 92

[Text] The peace talks agenda to be discussed by the National Unification Commission [NUC] and the National Democratic Front [NDF] will be more extensive, if so-called refinements will be agreed upon for the forthcoming conference in the Netherlands between government and NDF representatives.

NUC member Wigberto Tanada explained that the team will only act if the NDF accepts such refinement. He reported that the NDF will still consult with its national leadership regarding the government's proposal. This, he said, is the reason why the government still has to wait for the decision of the NDF leaders.

Muslim Leaders Accept Misuari as Representative

HK0111022092 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 30 Oct 92

[Text] Muslim leaders have accepted the proposal for Nur Misuari, Moro National Liberation Front leader, to represent them in the forthcoming peace talks. This is in accordance with the government's approval for Misuari to represent the Muslims in the talks.

The expression of approval was made after the leaders saw the government's sincerity in allowing Misuari to come back to the country in order to start the proposed peace talks.

Meanwhile, Dr. Abbas, chief of the Bangsa Moro National Liberation Front [BMNLF], said this does not mean that the BMNLF generally accepts Misuari as the official spokesman for all Muslims in Mindanao, since what Misuari is fighting for is different from what the BMNLF is fighting for. Abbas added Misuari wants Muslim Mindanao to be independent from the Philippines, while his group is fighting only for autonomy.

NUC Rejects Belligerency Status for Communists

HK0211104192 Manila PHILIPPINE DAILY INQUIRER in English 1 Nov 92 p 16

[Text] The communist-led National Democratic Front [NDF] has no belligerency status contrary to the claim of NDF vice chairman Luis Jalandoni, the National Unification Commission [NUC] said yesterday.

NUC Chairman Haydee Yorac, however, assured the communists that the NUC would be "dealing with their hierarchy." The assurance was made in response to the warning of the Communist Party of the Philippines that peace negotiations would be called off if the NUC approaches lower levels of the movement.

Meanwhile, President Ramos' peace emissary, Tarlac Rep. Jose Yap, urged the Utrecht-based NDF leaders to approve the agenda drawn up by the NUC and immediately constitute their technical committees so both sides could advance the peace process.

Meanwhile, President Ramos yesterday rebuffed Executive Secretary Edelmiro Amante for saying that he had approved a "total, absolute and unconditional" amnesty for all rebels.

A spokesman said the President was leaving it to the NUC to determine the mechanism and framework of the amnesty program.

Yorac reiterated the government's policy of not allowing the NDF to acquire the status of belligerency, which would put it on an equal footing with the government before the international community.

"Belligerency is a legal status that arises from the existence of certain basic facts, among which is that you must have firm and permanent control of any piece of territory," she said. "I don't think that even that factor has been demonstrated here."

In an interview in Canada by the Ontario-based Philippine Reporter, Jaandoni said the status of belligerency has been acquired through 25 years of "revolutionary work."

Thus, he said, the NDF is no longer what the Philippine government regards it to be—as mere insurgents and therefore an internal police problem.

The government and the NDF are now "two belligerents" who have been fighting for 23 years, the exiled former priest said.

Armed Forces, Police Report 'Secret Investigation'

HK0211023292 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 1 Nov 92

[Text] A government agency reportedly has been secretly investigating armed forces and police officials. The move was possibly made in response to reports alleging that many police and Armed Forces of the Philippines [AFP] officials are involved in criminal activities around the country.

The counterintelligence activities were discovered by some AFP and Philippine National Police officials, who admitted that some elements are secretly following them wherever they go. They said that even telephones have been tapped by the group that is conducting the secret investigation, because even those who they have been talking to have been identified by the so-called secret agents.

EC, ASEAN Split Over Human Rights Issue

HK0211110992 Manila THE MANILA CHRONICLE in English 2 Nov 92 p 7

[Report by Johanna Son]

[Text] Differences persist between the Asean and the European Community (EC) on the role of human rights in their relationship, an issue that grabbed the spotlight in last Friday's Asean-EC ministerial meeting.

Human rights was not even on the formal agenda, but Portugal's hardline position at one point threatened to derail the issuance of the Asean-EC joint declaration on economic cooperation at the end of the meeting.

The sticky point in the discussions was Portugal's insistence that the document recognize an incident in East Timor, where Indonesian army troops shot at a crowd of protesters in the annexed territory last year. Portugal has blocked a new cooperation agreement with Asean over that issue.

EC ministers also wanted to put a strongly-worded provision on Myanmar [Burma], which Asean officials succeeded in tempering to a bland encouragement of "political and economic reforms."

The tussle over human rights delayed the issuance of the joint declaration by hours, and was settled only after "the EC had to call internal discussions among themselves" and pressure Portugal into accepting a compromise on the declaration's language.

British Foreign Minister Douglas Hurd, president of the European Council of Ministers, explained later that "we are not seeking to impose particular models or examples (on human rights)."

"Every country builds its freedoms on its own history. But there are shared values and discussions (focused) on how these shared values can be applied," he added.

Although Portugal lost its bid to explicitly mention East Timor in the declaration, Foreign Minister Joao Deus de Pinheiro thought his country had scored simply because human rights became an issue in the Asean-EC meeting and that it kept East Timor in the news.

Asked if he was unhappy with the declaration, Pinheiro said he was not. "Look at you, so many of you (newsmen) around me just because of that (East Timor). It has (become) the central point (already)."

A Western diplomat observed that "the Portuguese have strangely been very willing to answer media's questions."

The crux of the dispute is that EC's own regulations state that its cooperation with third countries be linked to human rights, the environment and good government. But Asean rejects this type of linkage, saying aid and cooperation should not be tied to conditionalities that may be ill-suited to other cultures.

Nowhere was the difference in views more apparent than when Hurd referred to paragraph 9 in the joint declaration as the one that contained the EC's concerns on human rights as an issue in the Asean-EC cooperation relationship.

It reads: "When differences exist, the ministers considered that they should be settled in a peaceful and negotiated manner in accordance with the spirit of dialogue and cooperation existing between the EC and Asean and in accordance with the principles of the United Nations charter."

But Foreign Secretary Roberto Romulo, speaking for the Asean, did not let Hurd's remark pass.

He pointed to paragraph 34, which was in effect Asean's reply: "The Ministers emphasized their common commitment, in accordance with the UN Charter and the Universal Declaration of Human Rights, to the promotion of and respect for human rights and fundamental freedoms, development, democracy and greater social justice and agreed to continue their dialogue and cooperation on these issues."

The Asean was saying it supported the universal values of human rights but did not welcome insertions of a bilateral matter, especially one that they previously agreed would not be in the communique.

Pinheiro told media that the East Timor matter was no longer a bilateral issue because it had been taken up in the UN General Assembly. He said it should be in the document because EC cooperation policy was linked to human rights.

The Portuguese official wanted the declaration to "welcome" the Indonesia-Portugal talks set for December 17 under the auspices of UN Secretary General Boutros Boutros-Ghali, but Indonesia opposed this. Hurd himself mentioned the talks in his opening statement Friday morning.

Police Provide Personnel for UNTAC Force

HK0211060392 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 2 Nov 92

[Text] A 75-man Philippine National Police [PNP] contingent to the United Nations Transitional Authority in Cambodia [UNTAC] is scheduled to depart today at 1900 [1100 GMT]. The additional group belongs to the existing UNTAC peacekeeping force from the Philippines. The delegation will join other UN contingents helping to maintain order in Cambodia in preparation for its return to democracy.

In view of this, a holy mass is scheduled to be celebrated at 1300 today at the PNP chapel for the departing contingent.

Sugar Import Liberalization To Start 1 Nov

HK0111021992 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 31 Oct 92

[Text] Sugar imports will now be able to freely flow into the country based on Executive Order Number 8, which will take effect starting tomorrow [1 November]. In relation to this, the Senate has promised it will follow up

Senate Bill Number 625 filed by Senator Gloria Arroyo-Macapagal, which aims to protect local sugar producers.

Meanwhile, Senate President Neptali Gonzales assured senators will oppose sugar import liberalization. Gonzales added local sugar cane planters cannot compete with other countries since it is being subsidized by the government [as heard].

Thailand

Papers on Potential Impact of U.S. Elections

BK0211103392

[Editorial Report] The 2 November issues of the Thai papers MATICHON and THAI RAT comment on the U.S. presidential election and its potential impact on Thailand.

A 500-word MATICHON editorial on page 8, entitled: "The Election of the U.S. Leader", says: "Because the United States is a superpower, any U.S. policy action will have an impact on the world. For this reason, the U.S. presidential election has generated attention all over the world, and all countries cannot avoid being concerned about how the new U.S. President's policies will affect them."

Continuing, the editorial says: "The anxiety of ASEAN and Thailand revolves around a victory by Bill Clinton because of uncertainty about his economic policy and whether it will create trade protectionism and trade retaliation on the part of the United States."

The editorial concludes, however, that: "Regardless of who wins the U.S. presidential election, the next president's task is likely to center around solving domestic economic problems. With the disintergration of the rival socialist bloc, foreign affairs will take a back seat to the domestic economy on the U.S. list of priorities."

THAI RAT carries an 1,800-word article on page 7 by "The Economic Team" entitled "The Bush-Clinton Fight for the White House: Impacts Facing Thailand; Danger to Trade," which says: "Although Bill Clinton, if he takes over the White House, will have to continue to give foreign products access to the U.S. market, the United States will consider stronger retaliation against foreign trading partners in accordance with U.S. law in order to protect domestic industries. The Thai Intellectual Property Department has predicted that if Clinton wins, the trend toward U.S. trade and intellectual property protection will not improve as far as Thailand is concerned. Trade retaliation and protectionist measures by Clinton and the Democrat-dominated U.S. Congress are certain to intensify."

The THAI RAT article notes that the president of the Thai Apparel Exporters Association has also predicted that under a Clinton presidency more trade protectionist laws will be enacted. It says: "Thai exports to the United States are certain to face great obstacles because Thailand is already blacklisted as a country the United States regards as failing to protect U.S. intellectual property rights."

The article concludes: "If the Thai Government makes intelligent preparations, the U.S. protectionist laws and trade retaliation will be unable to deter Thai exports. To date, Thailand has been able to take care of itself and to attain ecomomic growth and export achievements despite recent global trade fluctuations."

Prasong Reviews Outcome of ASEAN-EC Meeting

BK3110093092 Bangkok Radio Thailand Network in Thai 0530 GMT 31 Oct 92

[Text] Speaking to reporters about the outcome of the 10th meeting between ASEAN and EC foreign ministers, Foreign Minister Squadron Leader Prasong Sunsiri said the meeting, which was held in Manila, had discussed the general aspects of ASEAN-EC relations and developments in the two regions as well as international politics and economy. Touching on bilateral relations, both sides agreed to increase economic cooperation in trade, industry, investment, technology transfer, narcotics suppression, and environmental protection.

The foreign minister, in his address at the meeting, stressed that ASEAN-EC cooperation should be based on mutual interests. He noted that significance should be attached to the efforts to help small- and medium-size industries in ASEAN countries gain access to the sources of capital, technology, and markets through joint investment schemes and other measures. He also invited more EC investors to invest in Thailand and other ASEAN countries, and welcomed ASEAN's move to establish a free trade zone, its high and consistent economic growth, and big market which can also include Indochinese countries in the future.

Regarding the formation of the single EC market by the end of this year, the foreign minister said developing countries like the ASEAN members will be at a disadvantage in dealing with big countries and companies because the EC will impose new rules and regulations on quality standards control and certification. Therefore, it is deemed to be appropriate for the EC to help ASEAN countries develop their industries and to inform the latter of the new requirements so that they will be able to make the necessary adjustments. The EC has agreed to set up offices in each ASEAN country to disseminate accurate and the latest information in this regard. Moreover, the EC has experts stationed at the ASEAN Industrial Standard Institute, whose office is at the Office of Industrial Standard of Thailand's Industry Ministry. The EC experts have been providing advice on standard control of goods for the institute.

KR Fears Economic Losses From Peace Plan

BK3110062492 Bangkok BANGKOK POST in English 31 Oct 92 p 7

[Excerpts] The Khmer Rouge [KR] have held out against Thai-Japanese persuasion out of fear that joining the United Nations-brokered peace process in Cambodia may bring loss of "enormous" benefits from trading along the Thai-Cambodian border, deputy Foreign Ministry spokesman Rawi Hongpraphat said yesterday.

He did not elaborate but the comment marked a new interpretation of the guerrillas' motive for refusing to disarm according to the peace agreement they signed in Paris a year ago.

So far there has been speculation that the UN may resort to imposing economic sanctions against the Khmer Rouge if they remain intransigent.

The thinking was fuelled by a UN Security Council resolution of 18 days ago that gave the guerrillas until November 15 to comply or face "further steps."

Mr Rawi stressed that Thailand and Japan had done their best in talks in Phnom Penh on Thursday.

It is now up to the UN and Cambodians to solve the problem, he added.

Failure to solve the problem may lead to a new round of fighting among the Khmer factions and Thailand will make preparations to receive a possible new influx of Cambodian refugees after general elections take place in that country, he added. [passage omitted]

He pointed out that the outcome of the US presidential election on November 3 will affect the Cambodian peace process.

A victory by Bill Clinton would be of concern because the Democrats do not appreciate the importance of the Cambodian problem, he said. [passage omitted]

The SNC, which is chaired by Cambodian head of state Prince Norodom Sihanouk and brings together the four previously warring parties, is expected to discuss the peace problems when it meets for a special session in Peking on November 7-8.

Government spokesman Aphisit Wetchachiwa reiterated that Thailand would abide by any UN resolution that may be issued on the Cambodian peace problem.

He noted that Thailand would follow the SNC decision to ban log exports from December 31 even though it has had good relations with the Khmer Rouge.

Paper Urges KR Cooperation in Peace Process

BK0211014392 Bangkok BANGKOK POST in English 2 Nov 92 p 4

[Editorial: "Khmer Rouge Owe UN Cooperation"]

[Text] It has been a year now since a Paris conference declared peace in Cambodia. Unfortunately, not everyone has accepted the idea of peace and reconciliation, despite widespread opinion inside that sad and brutalised nation. A small minority known as the Khmer Rouge has stood between Cambodia and a democratic, free and untroubled future for many years. And, a year after the Paris peace declaration, the men and women loyal to Pol Pot continue to keep Cambodia and its friends on tenterhooks.

The commitment to peacefulness in Cambodia is impressive. Three rival political and military factions—Sihanoukists, pro-Vietnamese communists and rightist followers of Son Sann—have moved forward in a search for accommodation. In a manner thought impossible just a few years ago, these three groups have dealt realistically with their dozens of disagreements and personality clashes. Most impressively, despite some disagreements and bickering among these three groups, each submitted to United Nations orders last June and began disarming their troops under UN supervision.

The UN force in Cambodia is the largest in the history of the world body, and has more authority than any similar international group. In many ways, the United Nations is the de facto government of Cambodia in this transitional period, making important decisions concerning the nation's future. Despite being hampered by an inability to engage in combat, the UN has managed to restore some semblance of peace and safety in Cambodia. The country is probably more peaceful today than at any time in the past 22 years, and the aim is to ensure that Cambodia moves towards increased freedom through democratic elections next year.

The Khmer Rouge threaten this delicate forward movement. The most serious problem is the refusal by this group to disarm its troops. Khmer Rouge soldiers have kept authorised UN inspectors away from their enclaves. This would be a difficult problem if these areas were merely military camps. But the stubbornness of the Khmer Rouge has effectively barred the freedom of tens of thousands of civilians, who are supposed to be guaranteed free movement. Last year's Paris agreement specifically conceded this renewed privilege to all Cambodians. The elections still scheduled for next May depend upon such freedoms.

At present, Khmer Rouge obstruction revolves around a four-party Cambodian group called the Supreme National Council, or SNC. This body, a form of coalition government, requires both participation and cooperation from all four wartime factions. Khmer Rouge leaders have claimed for the past several months that the SNC was set up in an unfair manner, and has consistently favoured the other three factions.

Last week, senior Thai and Japanese officials negotiated at length with Khmer Rouge leaders over the issue, but with no progress. Thailand's chief negotiator, Deputy

Permanent Secretary for Foreign Affairs Sarot Chawanawirat, came close to despair over the negotiations. "We hold on to hope no matter how small it is," he said. Officially, less than two weeks remain for the Khmer Rouge to agree to break this impasse. After that, the Cambodian situation will turn uglier, with economic sanctions of the Khmer Rouge by the UN as a likely first step.

Recent statements by the Khmer Rouge indicate that the group intends to press their objections no matter what the consequences. Statements have already attacked both the UN Transitional Authority in Cambodia, and several of its officials by name. A chief target of scorn by the Khmer Rouge for several months has been the head of the entire UN effort, Yasushi Akashi and two of his close aides. Their criticisms have centered on alleged support by the UN for Vietnam and for ethnic Vietnamese immigrants in Cambodia.

Khmer Rouge political chief Khieu Samphan and his supporters should reconsider their current actions. The Paris agreement last year implied that the battlefield war in Cambodia would never have a clear winner. Its aim is to provide a country where citizens will choose their own government. By refusing to disarm, and by attempting to sidetrack the defined path to next year's general elections the Khmer Rouge, no matter what its aim, is effectively sinking peaceful reconciliation. The only chance the Khmer Rouge have to achieve their goals in Cambodia is to participate in next year's free elections. The Khmer Rouge should get back on track and cooperate with their opponents and the UN to this end.

Military Reports Cambodian Refugees Repatriated

BK3010143792 Bangkok Radio Thailand Network in Thai 0530 GMT 30 Oct 92

[Text] Lieutenant General Sanan Khachonklam, chief of the Coordination Center for the Repatriation of Cambodian Refugees under the Joint Operations Center of the Supreme Command, reported that during the period from 30 March to 2 October, the center and the UNHCR [United Nations High Commissioner for Refugees] repatriated a total of 134,460 Cambodian refugees to the six reception centers in Cambodia—Sisophon in Banteay Meanchey Province, O Taki in Battambang, Tuol M'kak in Battambang, Pursat and Siem Reap, Phnom Penh, and Banteay Chhmar [as heard]; and also to other areas where refugees chose to go.

Lt. Gen. Sanan said there are still 239,840 Cambodian refugees left at seven refugee camps along the border. Two camps—Site K, and Suksan Camp in Borai District, Trat Province, have been closed after authorities completed the repatriation of refugees at the camps. The Joint Operations Center of the Supreme Command will turn over the areas under the jurisdiction of the Chanthaburi-Trat Border Defense Force which will establish self-defense villages along the Thai-Cambodian border there.

Firm Wants User Switch to Domestic Satellite

BK3110045492 Bangkok THE NATION in English 31 Oct 92 p B8

[Text] Shinawatra Satellite Co is asking Thai satellite users to terminate their contracts with other operators in a bid to speed up the utilization of Thaicom 1 which will be in orbit late next year.

Niwat Bunsong, Shinawatra executive vice president, said Shinawatra Satellite will be responsible for all compensation fees to be paid to other satellite operators if users agree to switch to Thaicom 1 and cancel their contracts .

Most of the contracts will end in 1994-1995, according to Niwat. He was speaking at a press conference yesterday at the Asia Hotel. He added that Shinawatra Satellite is working with users to find an appropriate schedule for the contract termination. The users will make the decision themselves with advice from the company, but without duress.

"We have to look into how much we have to compensate the other satellite operators. The length of time before their contracts expire should not be too long," Niwat said.

Shinawatra Satellite will complete its transponder leasing rates and submit them to the Transport and Communications Ministry before the end of this year, Niwat said.

Dr Nongluk Pinainitisat, Shinawatra Satellite general manager, said that Thaicom has the advantage over other satellites by providing services in Thailand which have stronger signals.

She said that Shinawatra Satellite's marketing department is gathering details of users' current services and their future demands to give the best possible benefits at the most competitive prices.

"We believe in our services to be provided for the users. Some would probably agree to switch to our satellite before their present deals with other satellite operators expire," Nongluk said, adding that Thaicom's transponder fees will certainly be lower than AsiaSat.

Currently, Thailand is a client of Palapa, IntelSat and AsiaSat satellites. According to Shinawatra's Bt5,000 million deal, Thai users must use Thaicom after their contracts with other satellite operators end. The company has been granted an eight-year monopoly for its 30-year concession.

Shinawatra Satellite plans to launch Thaicom 1 by Dec 5 next year and Thaicom 2 as a back-up facility by mid-1994. Thaicom 1's 12 transponders will be almost fully occupied within one year of coming on stream.

The company expressed concern that competition in the sky will intensify with present satellite operators in the region providing wider coverage.

Niwat said the Thai Government should adopt measures to protect Thai sky territory to allow Thaicom the national project to compete.

"Shinawatra Satellite must pay revenue sharing to the government. But others who transmit to Thailand do not have to," Niwat said.

AsiaSat has been allowed to set up a signal back-up station in Thailand which has caused worries that it could come into direct competition with Shinawatra.

Wants Protection From Foreign Competition

BK3110064892 Bangkok BANGKOK POST in English 31 Oct 92 p 13

[Text] Shinawatra Group is to request that the Chuan Government supervise domestic satellite telecommunications and broadcasting business so as to foster "fair and just competition," according to Shinawatra Group's vice president, Niwat Bunsong.

Mr Niwat said he had made the request because foreign firms have entered the Thai market for domestic satellite services (such as satellite television entertainment and news programmes.)

At present there are no laws or government agencies to govern these services, unlike Channels 3, 5, 7, and 9 and cable television services which come under government control. Satellite news and entertainment programmes from abroad can be viewed without official control. He said it is feared that in future the foreign satellite business will expand further.

Shinawatra Group's satellite project has been granted eight years of protection for providing satellite service domestically, but because the satellites will not be launched until next year there is only six years of protection left, he said.

However, Shinawatra will not seek extension for its protection period. Shinawatra Group's Thaicom 1 is expected to be launched next year, and the second satellite within six months of that date.

There is demand for 20 satellite transponders and the existing transponders of both satellites will fulfill demand, he said. The rental rates of transponders of Shinawatra will be cheaper than other satellites.

Asked to comment on CP Group's offer to join hands to undertake satellite business overseas, Mr Niwat welcomed the offer, saying Shinawatra was ready to cooperate.

Meanwhile, Shinawatra Satellite's General Manager Nongluk Pinainitisat said Shinawtra has reached an agreement with ChinaSat and DFH of China over the frequency problems of their satellites.

She said Shinawatra will meet executives of AsiaSat of Hong Kong in Bangkok next month to find ways of solving the frequency problem.

Article Considers Border Trade Problems

BK0211014592 Bangkok THE NATION in English 2 Nov 92 p A6

[By Kawi Chongkitthawon: Thailand's Border, Whose Border?"]

[Text] Controversy over Thailand's border trade is nothing new. It evolves from games the Thai government, provincial officials and politicians play.

However, the way it was dragged through Parliament during the policy debate last month, when log trading between Thailand and Burma and the Karen rebels was raised, presents a new and pressing problem: What should the government do to ferret out illegitimate border commerce?

Preceding governments failed to set forth clear-cut guidelines for provincial authorities to follow in establishing ties with Burma.

Relying on existing loopholes, traders with connections to provincial authorities establish their own arbitrary rules and conduct trade at will.

Thailand's border extends for 5,597 kilometres and touches four countries: Burma (2,387 km), Laos (1,750 km), Cambodia (824 km) and Malaysia (636 km). There is another 2,400 kilometres of sea boundary in the Gulf of Thailand and Andaman Sea that touch Cambodia, Malaysia, Vietnam, Indonesia and Burma.

Thailand's frontier has never had a clear demarcation line due to colonial conquests. Negotiations have been underway for decades to redraw the border with its four neighbours.

A while ago, Thai-Lao border bickering dominated newspaper headlines. Thailand's support of the Hmong tribespeople was well-known and border smuggling was common. All that came to an end when the Thai government decided, once and for all, that it should pursue better relations with Vientiane.

Now a new order has been established along the Thai-Lao border, and cross-border trade is prospering as both governments continue to work on a new demarcation line.

Along the eastern flank border on Cambodia, because of a lack of clear guidelines, Thai traders continue to do business with the Khmer Rouge which is regarded as being detrimental to the peace process in Cambodia. For years the Thai traders have dug for gemstones and cut logs in Cambodian territory under the patronage of the Khmer Rouge. Successive Thai governments have tolerated this because of the good and lucrative working relationship with the communist guerillas.

But of the four common borders, the Thai-Burmese frontier is the most volatile. And therein lies a dilemma for Thailand—the country wants good ties with Burma and the Karens as both of them can supply logs.

In the past, Thailand purchased logs from Laos, Cambodia and Burma. But with Laos banning log exports last year and Cambodia adopting a similar measure last December, Burma, so it seems, is the only source available to Thai loggers.

In the recent past, the Thai authorities have chosen to turn a blind eye to the Thai-Burmese log trading as they thought, selfishly, it would help the country conserve its forests.

Log importing from Burma has increased since the Chatchai administration slapped a ban on commercial logging in Thailand in 1989. Along the Thai-Burmese border, four dozen Thai companies are now purchasing logs felled on Burmese territory. A few major companies have the biggest of the concessions, but they are due to expire next year.

Because of the many ethnic minorities scattered along the lengthy border, Thailand's border policy has always been intentionally ambiguous. Thailand has used the minorities against the Burmese authorities and vice versa. When it comes to trade, the Thais deal both ways.

Before the crackdown in Burma in 1988, such ambivalence served well the Thai interest. However, with thousands of Burmese students fleeing the repressive Rangoon regime to join rebel groups in the deep border jungle, it has become a new ball game.

Foreign Minister Prasong Sunsiri has said there must be a new arrangement along the Thai-Burmese border to ensure that there is no double dealing that would endanger the national interest.

At his first press conference last week, Prasong was asked whether Thailand pursued a dual-track policy toward Burma. He quickly went on the defensive, saying that Bangkok doesn't have what the Thais call a "doubleface" policy—that is, trading with both the Burmese government and the rebels active along the border.

Suchit Bunbongkan, dean of Chulalongkon University's Faculty of Political Science, said that while there is nothing wrong in trading with Burma, any twin dealings Thailand is sanctioning should be done away with because it could have repercussions for its border trade with other countries, such as Malaysia, Cambodia and Laos.

"It can cause unnecessary international problems by linking vested interest groups with the national interest," Dr Suchit said.

The Chuan government, he said, must work out a clear-cut policy for Thai businessmen, particularly those doing business with neighbouring countries which have problems with their minorities.

Despite Prasong's denial of a "double-face" policy, it is no secret that such practices are the norm along the Thai-Burmese border.

Prasong, who does not have any commercial interest in or links to any particular business group, can, if he chooses, initiate tangible steps which could include a temporary ban on log import from Burma to clear up Thailand's ambiguous position.

It is commendable of the Chuan government to try to promote legitimate border commerce with neighbouring countries. But it is deplorable to let local traders take advantage of the political crisis to cash in.

The Chuan government must not succumb to vested interests which have proliferated along the border areas for decades.

IFCT Offers Extensions of Environmental Loans

BK0211025792 Bangkok BANGKOK POST in English 2 Nov 92 p 30

[Text] The Industrial Finance Corporation of Thailand (IFCT) is providing four loan extensions carrying low interest for factories to conserve the environment.

The IFCT is encouraging factories to invest in controlling toxic substances stemming from industrial processes.

IFCT's funds total 300 million baht. Each industrial plant can borrow a maximum of 20 million baht for a project, but new plants will be allowed a maximum of only 10 million baht.

The duration of borrowing is seven years, with a suitable grace period provided. The interest rate is 11.5 percent a year.

The plants seeking loans can be newly set-up factories attempting to equip a standard treatment system, and operational factories aiming either to set up or to improve the treatment system to meet standards.

The loans can also be used for waste elimination, recycling, or relocation of factories into industrial estates where joint water treatment system is available.

Government environment conservation fund totals 5,000 million baht. The fund will be proportionately allocated to every part of the country depending on the requirement. Borrowing for each project is averaged at 20 million baht. The maximum amount of loan is left open depending on the project's size.

The interest rate will be 6 percent per annum with seven to ten years borrowing period and two-year grace period. The loan will be available at the beginning of next year.

The Japan Overseas Economic Development Fund (OECF) totals 1,000 million baht. The maximum borrowing amount is 60 million baht for each project. The interest rate is 10.5 percent a year with 10-year borrowing period and two-year grace period.

The World Bank fund totals 275 million baht. The fund will be handed out to purchase machines equipped at petrol stations or plants to reduce the application or leaking of chemical substances which tarnish natural ozone.

Vietnam

Statement Deplores Tighter U.S. Embargo on Cuba

BK0211151592 Hanoi VNA in English 1431 GMT 2 Nov 92

[Text] Hanoi VNA Nov. 2—"The Vietnamese people reaffirm their solidarity with and unchanged support for the Cuban people's heroic struggle for national independence, sovereignty and territorial integrity, and the right to choose their own way of development, and resolutely demand the US Government to put an immediate end to its embargo against Cuba," said a spokesman for the foreign minister in a statement released here today.

Recalling the US President's signing on Oct. 23 of the Torricelli Bill to tighten sanctions against Cuba, the spokesman said that Vietnam considers the US policy of blockade and sanctions against Cuba as well as against Vietnam an action running against the world's common trend for peace, cooperation and peaceful settlement of disputes. The spokesman added that US policy tramples upon international law, independence and sovereignty of all nations and the right to free trade of all countries in the world.

Embassy in Cambodia Rejects 'Blatant Slander'

BK3110144992 Hanoi VNA in English 1412 GMT 31 Oct 92

[Text] Hanoi VNA Oct. 31—In his October 29 statement, the spokesman of the Democratic Kampuchea has repeated his shopworn allegations about the 'presence of Vietnamese military forces', 'Vietnamese settlers' and 'Vietnam's violation of Cambodia's territory and sovereignty'. The spokesman of the Vietnamese Embassy beside the Supreme National Council of Cambodia is authorised to fully reject his blatant slander.

These allegations against Vietnam are aimed at arousing enmity against Vietnam, sabotaging the friendship between the two peoples and covering the Khmer Rouge's acts aimed at blocking the implementation of the Paris agreement on Cambodia.

Leaders Greet Cambodia's Sihanouk on Birthday

BK3010144092 Hanoi VNA in English 1342 GMT 30 Oct 92

[Text] Hanoi VNA Oct. 30—President Le Duc Anh today sent a message of greetings to Prince Norodom Sihanouk, president of the Supreme National Council of Cambodia [SNC], on his 70th birthday.

The message said that the Vietnamese people always remember and treasure fine sentiments extended to them by Samdech Norodom Sihanouk and the Cambodian people.

It expressed belief that as SNC president, Prince Sihanouk will make important contributions to the cause of national reconciliation and concord in Cambodia, and to the successful implementation of the Paris agreements on Cambodia as well as to the strengthening and development of the long-term friendship between Vietnam and Cambodia.

Party Paper Views 14th CPC Congress

BK0111143192 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 24 Oct 92

[24 October NHAN DAN article by Hai Nam: "Concerning the 14th Congress of the Communist Party of China"]

[Text] The 14th National Congress of delegates of the Communist Party of China took place in Beijing from 12-18 October. Attending the opening session were 1,965 out of 1,989 official delegates and 35 out of 46 special delegates. Of these figures, 78 percent were leading cadres at all levels; 22 percent were typical workers and outstanding specialists, teachers, and scientists; 15.7 percent were women delegates; 9.9 percent were ethnic minority delegates; 70.7 percent had attained college education level; and 58.9 percent were 55 and under.

Following the opening speech of Li Peng, CPC Politburo Standing Committee member, General Secretary Jiang Zemin read the political report of the CPC Central Committee, 13th term. The report consisted of four parts, summing up realities over the past 14 years and dealing with the key tasks of economic reform and development in the 1990's, the international situation, China's foreign policy, and the task of intensifying party-building work and party leadership. The report pointed out the achievements after 14 years of socialist modernization, reform, and opening up under the guidance of the theoretical concept of socialist construction with Chinese characteristics initiated by Comrade Deng Xiaoping.

The report indicated that in the 1990's, on the average, the economic growth rate reached 6 percent, which is low, and that this rate could increase to 8 or 9 percent. Thus, by the end of this century, China's gross national product will exceed the set target, increasing by four times compared to that of 1980. Therefore, the report suggested that the State Council should adjust the eighth five-year plan and start formulating the ninth five-year plan. The report stressed: The congress this time has an important task to fulfill because it must formulate the development strategy for the years ahead. To this end, it must follow the theoretical concept on socialist construction with Chinese characteristics initiated by Deng Xiaoping and must learn from the realities and experiences over the past 14 years, bearing in mind to need to renovate thinking a step further, firmly grasp every favorable condition, and concentrate efforts on building a socialist market-oriented economy and on speeding up the process of modernization and reform and opening up, thus causing the socialist construction with Chinese characteristics to score even greater achievements.

The report pointed out: The CPC is determined to get rid of the errorneous leftist line, to shift key party activities to economic development, and to carry out a great national policy of reform and opening up, stressing the need to persist in the socialist path and the people's proletarian democratic system, as well as to adhere to the CPC leadership, to Marxism-Leninism, and to the thought of Mao Zedong. The concept of one center and two fundamental points has begun to take shape and to lay the groundwork for the basic party line in the new development stage. The report reiterated Beijing's determination to work toward the reunification of China based on the principles of unity, peace, and a single country with two regimes.

On the diplomatic front, the report maintained that China has scored great achievements on the basis of the five principles of peaceful coexistence, good neighborliness, and friendship between China and countries in the region at a time when this nation finds itself in the best position since its founding. The international situation has undergone major changes and continues to fluctuate. The formation of a new scenario is still in the making and must go through a long, complicated process. There exists the possibility of securing world peace and avoiding a new world war. It is China's policy to establish a new world order based on the five principles of peaceful coexistence and a new economic world order based on equality and mutual interest. China will continue to establish friendly relations with political parties in other nations based on the principles of independence, sovereignty, complete equality, mutual respect, and noninterference in each other's internal affairs. China will neither ally itself with any nations or groups of nations nor participate in any military alliance.

The 14th CPC Congress unanimously adopted the political report of the ninth session of the party Central Committee, 13th term, from 5-9 October; other work evaluation reports of the party Central Committee Advisory Board and the party Central Committee Discipline Control Board; and the draft amendments to the CPC statutes. The resolution agreed to not establish the party Central Committee Advisory Board in the new historical stage.

The 14th CPC Congress elected a new party Central Committee comprising 189 official members and 130 alternate members, 24 and 22 members respectively more than the previous party Central Committee. It also elected a new party Central Discipline Inspection Commission comprising 108 members. The average age of the members of the new party Central Committee is 56.3 years old. Among them, 61 percent are 55 years old or younger, 7.5 percent are women, 10.3 percent are ethnic minorities, and 46.7 percent are new members. Most of them have graduated from universities or completed professional courses.

On 19 October, the new CPC Central Committee held its first conference to elect the new party leadership. Comrade Jiang Zemin was reelected party general secretary. The new CPC Politburo Standing Committee is composed of seven members, namely Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao. The new Political Bureau is composed of 22 members, 20 of whom are permanent members and two are alternate members, more than two-thirds of them are newly elected members, six are secretaries of party organizations of provinces or municipalities directly subordinate to the central government, and two are members of the Armed Forces. The party Central Committee Secretariat is composed of five members, namely Hu Jintao, Ding Guangen, Wei Jianxing, Wen Jiabao, and Ren Jianxin. Party General Secretary Jiang Zemin was also elected chairman of the Central Military Commission while Liu Huaqing and Zhang Zhen were elected vice chairmen. The conference also approved the appointment of Wei Jianxing as secretary of the Central Discipline Inspection Commission.

Analysts contended that the 14th CPC Congress fundamentally retained the general orientations set forth by the 13th CPC Congress while asserting efforts to accelerate the reform and open-door policy, to continue to carry out the modernization program, and to speed up economic development along the path of the Chinese-style socialist market economy.

Investment Guarantee Pact Signed With Singapore

BK3010150192 Hanoi VNA in English 1350 GMT 30 Oct 92

[Text] Hanoi VNA Oct. 30—Singapore and Vietnam on Thursday signed an investment guarantee agreement which would pave the way for closer economic ties between the countries.

Dau Ngoc Xuan, chairman of the State Committee for Cooperation and Investment (SCCI), signed on behalf of Vietnam while Lim Boon Heng, the minister of state for trade and industry, signed for Singapore.

The agreement, which covers 10 year initially and is renewable unless one party calls for its termination, provides for the protection of investments against nationalisation and expropriation, the source said.

Singapore's investments in Vietnam to date amounted to 70 million Singapore dollars (43 million U.S.) including manufacturing plants and property development projects, Lim said at the signing ceremony.

Another 210 million dollars (131 million U.S.) worth of investment were in the pipeline awaiting Vietnamese approval or were in advanced stages of discussion, Lim said.

Singapore had earlier this year signed a shipping agreement, a bilateral air agreement and a trade agreement with Vietnam.

Government Delegation Visits France 26-30 Oct

BK0211072592 Hanoi VNA in English 0601 GMT 2 Nov 92

[Text] Hanoi VNA November 2—A delegation of the Vietnamese government led by First Vice Premier Phan Van Khai visited France from Oct.26-30 at the invitation of the French Government.

While here, Vice Premier Phan Van Khai had talks with Minister of Foreign Affairs R. Dumas, Minister of Economy and Finance M. Sapin, Minister of Industry and Foreign Trade D. S. Kahn, Minister of Equipment, Transports and Housing J. L. Bianco, Minister in Charge of Foreign Trade B. Durieux and other senior officials. The two sides expressed satisfaction at the progress in the expanded cooperation between the two countries, and discussed measures to promote this cooperation, especially in the fields of economy, trade, investment, culture and technology.

On this occasion, the French Government announced its decision to grant 50 million French francs in aid to Vietnam, bringing the total of French aid to 180 million francs for the year 1992.

Vice Premier Phan Van Khai and his party received representatives of industrial and banking groups of France and other European countries.

On Oct. 28, Vice Premier Phan Van Khai met F. Perigot, chairman of the French National Council of Employers (CNPF) and A. Ross, president of the Vietnam committee of the CNPF who both expressed the desire to see broader and longer term economic and trade relations with Vietnam.

Vice Premier Phan Van Khai also called on General Secretary of the French Communist Party G. Marchais and the national secretary and head of the international department of the French Socialist Party.

Taiwan Okays Loan for Small, Medium-Size Firms

BK0111071492 Hanoi VNA in English 0550 GMT 1 Nov 92

[Text] Hanoi VNA November 1—The International Economic Cooperation Development Fund (IECDF) of Taiwan has agreed to grant Vietnam a soft loan of USD 15 million for a programme to develop small and medium enterprises in Vietnam.

According to a memorandum of understanding signed between a representative of the Vietnam State Planning Committee and Mr. Charles C.L. Chen, general director of Taipei Business Bank and leader of a Taiwanese business delegation representing small and medium enterprises, the money will be used to purchase equipment and materials from Taiwan.

Taipei business bank plans to set up branches or representative offices in Hanoi and Ho Chi Minh City. For its part, Vietcombank will establish banking agency relations with Taipei business bank to facilitate the operations of Taiwanese businessmen and to help Vietnamese small and medium enterprises.

Taiwan is so far the biggest investor accounting for more than 750 million USD out of a total foreign investment capital of over 3.1 billion USD, and also a major trading partner of Vietnam.

Vo Van Kiet Receives Indian Agriculture Minister

BK0111144792 Hanoi VNA in English 1425 GMT 1 Nov 92

[Text] Hanoi VNA Nov. 1st—Prime Minister Vo Van Kiet received here yesterday Mr. Balram Jakhar, Indian minister of agriculture, now on a visit to Vietnam at the invitation of the Ministry of Agriculture and Food Industry.

The prime minister said that this visit is a significant event in the strengthening of the traditional relations of friendship and cooperation between Vietnam and India in the new period.

He expressed sincere thanks to the Indian Government and people for their comprehensive and effective cooperation and assistance to Vietnam in the past as well as at present.

The Vietnamese Government leader stressed that in its renovation process Vietnam needs the cooperation and assistance of friendly countries, in which India plays an important role. He expressed his hope that high-level agreements between Vietnam and India signed on the occasion of Party General Secretary Do Muoi's visit to India and this visit by the Indian agriculture minister would be satisfactorily carried out in order to take the cooperation between the two countries to a higher level.

For his part, Minister Balram Jakhar reiterated India's commitment to share with Vietnam its experiences in the 'Green Revolution', especially in the supply of the best plant and animal breeds, the training of agricultural technicians and in the processing industries.

The Indian minister highly valued Vietnam's significant achievements in agriculture which have transformed Vietnam from a food-deficient country into a major rice exporter.

He wished the Vietnamese people many new and greater achievements in the national development, more particularly in agriculture.

Also on October 31, an Indo-Vietnamese cooperation agreement in personel training and agricultural research was signed by Minister of Agriculture and Food Industry Nguyen Cong Tan and Indian Minister of Agriculture Balram Jakhar.

Under this agreement, the two sides will jointly carry out a programme of research on rice maize and cotton hybrids including the exchange of genes and supply of materials, laboratory equipment, development of the industry, first of all cow and goat milk.

India will also receive Vietnamese students to various Indian colleges and national institutes. The agreement also provides for the exchange of researchers.

Government Sets Up New Organizations

BK3110145292 Hanoi VNA in English 1409 GMT 31 Oct 92

[Text] Hanoi VNA Oct. 31—The Vietnamese Government at its meeting on Oct. 17 decided to set up the Government Pricing Commission in replacement of the State Pricing Commission.

It also set up the General Post Office which was part of the former Ministry of Communications and Posts, and the General Department of Sports which was part of the former Ministry of Culture, Information and Sports.

The decision will take effect on November 1, 1992.

CPV Secretariat Holds Conference

BK3010141592 Hanoi Voice of Vietnam Network in Vietnamese 1000 GMT 29 Oct 92

[From the 29 October press review]

[Text] NHAN DAN today carries on page 1 an article reflecting the 27 October conference between the party Central Committee Secretariat and the comrade leaders of various departments of the party Central Committee. The conference was held under the chairmanship of Comrade General Secretary Do Muoi to review the implementation of the party Central Committee's third plenum resolution on the tasks of renovating and revamping the party.

The conference assessed and analyzed the situation at various pilot sites such as Hanoi, Ho Chi Minh City, Tay Ninh and Thai Binh Provinces, and the Ministry of Light Industry.

Members of the Secretariat and the comrades in charge of various departments of the party Central Committee all noted that this resolution on party building from the third plenum has been thorougly perceived by party organizations at all levels with a high sense of unanimity. These party organizations have implemented the resolution intensively and scrupulously and not for form's sake as in the past.

They depended on the actual situation in their localities to outline their programs of action. Some have outlined programs of action in a relatively comprehensive manner and others have focused on a number of pressing problems that must be solved in the immediate future, while preparing follow-up steps for the days ahead.

However, the Secretariat pointed out a number of tasks that must be dutifully carried out by various departments of the party Central Committee and government ministries and sectors. It also suggested that documents be drawn up at an early date to provide guidance for all localities and grass-roots units to implement the resolution under favorable conditions such as establishing party affairs and youth union affairs committees, relations between party committee and administrative echelons and the management apparatus, and the model of party operational machinery at the provincial level.

Summing up the conference, Comrade General Secretary Do Muoi entrusted the party Central Committee Orgnization Department with continuing to serve more satisfactorily as an adviser to the party Central Committee Political Bureau and Secretariat.

He said: This time, in the tasks of developing and revamping the party, it is necessary to quickly analyze the situation in order to help find an explanation to promptly, correctly, and effectively deal with it.

Heavy Industry Output Rises From 1991 Levels

BK0111070892 Hanoi VNA in English 0602 GMT 1 Nov 92

[Text] Hanoi VNA November 1—In the first nine months of this year, heavy industry works produced an output value of 735 billion dong, 21.6 percent more than the same period last year.

Meanwhile, sales of heavy industry products reached 2,090 billion dong, or 80 percent of the annual plan. Many of the items manufactured achieved high outputs compared with the yearly target, such as ingot steel (92.82 percent), ingot tin (78.8 percent), zinc ores (80 percent), pyrite ores (145 percent), electric engines (88 percent), urea (100 percent), and phosphate fertilizer (86 percent).

Many units under the Ministry of Heavy Industry made great achievements. They are the Union of Metalworks, the Song Cong Diesel Engines Factory, the High Precision Engineering Factory No 1, the Ha Bac Nitrogenous Fertilizer Factory, the Van Dien Phosphate Fertilizer Plant, and the Duc Giang Chemicals Factory.

For the time being, officials of the Ministry of Heavy Industry are guiding the restructuration of production and formation of new businesses, and the experimental equitisation of a heavy industry enterprise. They are also studying policy for protection of domestic heavy industry products for submission to the government's approval.

Nguyen Van Linh Speaks at Antihunger Conference

BK3010162892 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 25 Oct 92

[Text] Dear friends, the party and people's committees of Ho Chi Minh City recently held a conference to review results of the five-month implementation of the movement to eliminate hunger and poverty. Comrade Nguyen Van Linh, former party general secretary and currently adviser to the Communist Party of Vietnam [CPV] Central Committee, attended and addressed the conference. The following is an announcer-read excerpt of his speech at the conference.

Dear delegates, I highly welcome efforts of the party committee of Ho Chi Minh City to launch a movement to eliminate hunger and poverty. This is a creative and revolutionary movement of the committee. Today, I feel elated to attend this conference to hear results from you comrades who have directly participated in the movement during the past five months. However, I think that the movement is just in its beginning stage and thus more efforts must be made to enhance, expand, and develop it.

As we all are well aware, our country is in the initial stage on the path toward socialism and we are striving to extricate our country from the current socioeconoic crisis. Implementing the renovative line set by the Sixth CPV Congress, we have scored initial achievements in our economic development program. However, a segment of our population still lives in very difficult conditions, some of them are facing hunger and serious poverty. In this situation, the policy to eliminate hunger and poverty is a correct and practical line in conformity with the objectives set in resolutions of the Sixth and Seventh CPV Congresses.

I hope that provinces throughout the country will learn from the good examples and experiences of the party committee of Ho Chi Minh City and will, in the future, launch a semilar movement to eliminate hunger and poverty. This is because the movement has a wide and far-reaching social significance and is an important contribution to the socialist construction. I agree with you, comrades, to call it a kind of revolution. I would like to add that this revolution requires our long-lasting efforts to fulfill. After attaining success in this movement, we will gradually eliminate the gap in the living standard of our people and injustice in our society, thereby strengthening the spirit of unity, assistance, and brotherhood among our people's strata—a very good tradition of our Vietnamese nation and a national culture that we must strive to preserve.

We all know the good side of developing the market economy. However, if we do not formulate plans and orientations to control the market economy to prevent it from developing along the capitalist path, then we will have a gap between the rich and the poor in our society. Some will earn a large income while the majority of our people will have a low or a very low income. In our society at present, there already exists a group of rich people who earned money through illegal activities and corruption and by stealing state property and cheating the people. These people are leading a debaucherous and degenerate life-style. This is one of the main factors causing social instability and we must strive to eliminate its root cause. The movement to eliminate hunger and poverty is one of the measures aimed at resolving the abovementioned issue. However, the most important thing is that we must motivate the people to participate in the campaign to suppress corruption, violation of state property, smuggling, tax evasion, and illegal traders who are damaging our national economy. In other words, the movement to eliminate hunger and poverty must be carried out in close association with the movement to suppress corruption and smuggling in order to achieve real success.

Since the promulgation of Resolution No. 80, the mass mobilization work has scored remarkable achievements. I am very pleased to see that in many localities, you, comrades, consider the movement to eliminate hunger and poverty as one of the key tasks of the party, the administration, mass organizations, and the Vietnam Fatherland Front [VFF]. The movement to eliminate hunger and poverty also adds a lively activity to the routine political tasks of mass organizations and societies because it relates to the daily life of the people. As a result, activities of mass organizations and the VFF will attract more interest from the people, thus enabling them to mobilize the masses to actively participate in other revolutionary movements, including the movement to eliminate hunger and poverty. Only when we can organize this movement into a real mass movement will we be able to expand it into a large-scale or nationwide movement.

At present, we are implementing the CPV Central Committee Third Plenum's resolution on renovating activities of the party. I think that to satisfactorily implement this resolution, we must include the movement to eliminate hunger and poverty into activities of the party. We cannot accept so many applications from a large number of party members working at administrative agencies asking for a transfer to economic management agencies to earn more income, nor can we accept the condition of party members enjoying their good meals at restuarants while our countrymen, retirees, and discharged soldiers are leading a difficult life unable to make ends meet.

To improve the party ideologically, we cannot ignore this issue. This is because Uncle Ho moderately described the goal of communism as being able to provide a bountiful life for our people and good education for our children when we have achieved national independence. In the final analysis, corruption and embezzlement are acts betraying the ideal of communism. For this reason, the movement to eliminate hunger and poverty is a lively example to remind communists of their duty toward society and is an important feature in renovating the party ideologically.

We will face more difficulties in the initial stage of socialism. The movement to eliminate hunger and poverty from the city is the task in conformity with the current situation that has received warm support from the people. Results of this movement should be reported to the CPV Central Committee Political Bureau and the central government in order to set a good example for expansion into a nationwide movement.

I hope that our newspapers, including NHAN DAN, SAIGON GIAI PHONG, and other dailies help propagate this movement, especially the many good ideas reported to this conference by you, comrades. If we can launch this movement on a nationwide scale, I am convinced that the people will be very elated and will support our party and socialist state, while bad elements will have no opportunity to incite the people.

Finally, I highly commend the Ho Chi Minh City Party Committee comrades working at districts and precincts, mass organizations, and agencies concerned for their creative efforts to satisfactorily carry out the movement to eliminate hunger and poverty.

I wish you, comrades, success in your tasks.

Australia

Record Exports Offset Rising Imports

BK3010113092 Hong Kong AFP in English 0736 GMT 30 Oct 92

[Text] SYDNEY, Oct 30 (AFP)—Fuelled by rising imports, Australia's current account deficit leapt 33 percent to 1.72 billion dollars (1.19 billion U.S.) in September according to data released Friday—but it was not all bad news, economists said.

Bureau of Statistics data showed that, in line with market expectations, most of the increase went on four imported jets for Australian airlines, while exports also surged unexpectedly to record levels.

Economists said businesses investing in the future are helping lift both imports and exports.

The Australian dollar, which reached a five-year low earlier in the week, faded briefly on the release of the data, dropping to 69.15 U.S. cents from Thursday's 69.55, before edging upwards to 69.75 by the close of business.

Seasonally adjusted, the deficit was 1.51 billion dollars, an increase of 576 million dollars on August.

The September figure took the deficit for the first quarter of the current financial year to 4.8 billion dollars, the worst quarterly total for two years.

The budget forecast is 15 billion dollars for 1992-93 as a whole.

The seasonally adjusted merchandise trade deficit was 27 million dollars.

Imports rose 20 percent to 5.25 billion dollars with endogenous, or regular, imports rising to 4.47 billion, from 4.17 billion in August.

The four aircraft cost 397 million dollars—including two for Qantas at 300 million.

Exports rose 11 percent or 525 million dollars to 5.22 billion, the highest on record in seasonally adjusted terms.

Exports were spurred by the weakening of the Australian dollar, with the biggest increase in sales of wool, up 120 million dollars (83.2 million U.S.) or 60 percent.

Schroders economist Brett Allender said the 11 percent rise in exports was "good news in what is supposed to be a period of weak demand" because September is seasonally weak for agricultural exports.

"Australia is doing a lot better in international markets than many of our competitors," Allender said.

"Exports have held up reasonably well considering the world slowdown," Citibank senior economist Grant Bailey said.

"The deficit number is slightly disappointing but this does not throw us off track for meeting the Government's budget forecast."

Aircraft and machinery accounted principally for increased imports directed towards the productive sector and which could therefore be reasonably classified as "good" imports, Bailey said.

"The deficit is largely as we expected," said Bain and Co economist Aisling Kinch.

"But I think we will get better figures as the months go along," she said. "In seasonally adjusted terms, the next couple of months won't be so bad."

Apart from July this year, when it reached 1.98 billion dollars, the current account deficit was the worst since October 1990, when it was 1.88 billion dollars.

The deficit in September last year, unadjusted, was 1.47 billion dollars.

Australian Dollar Falls To New Five-Year Low

BK0211084892 Melbourne Radio Australia in English 0800 GMT 2 Nov 92

[Text] The Australian dollar has fallen to a new five-year low, dropping below U.S. 69 cents. Selling by Japanese and local investors, the dollar fall almost half a cent to 68.95 cents. It has recovered marginally and is now trading just above the 69 cent mark. So far, the reserve bank has made no attempts to intervene to stop the currency falling further.

Meanwhile, the Australian share markets have fallen to a new 20-month low. The All Ordinaries Index dropped sharply, down 15 points to 1,410.

Joint Patrol Exercise With Indonesia Begins

BK3010074292 Melbourne Radio Australia in English 0500 GMT 30 Oct 92

[Text] Australia and Indonesia are further expanding their defense cooperation with the start today of the patrol boat exercise. The four-day exercise in Timor and the Arafura Seas, codenamed Patrol-X92, involved ships from both navies and Australian Orion aircraft. Ian MacIntosh reports in Kupang in West Timor where the exercise got underway:

[Begin recording] [MacIntosh] Commander (Louis Raego), who heads Australia's patrol boat forces, says the Patrol-X92 aims to further develop joint maritime operations with Indonesia.

[(Rego)] What we are trying to do here is to learn to work together and this is very similar to what we also do in the Southwest Pacific.

[Macintosh] The Timor Gap Treaty requires both countries to cooperate in surveillance of the joint zone and provide security for an area thought to contain valuable oil and gas reserves.

Exploratory drilling is expected to commence in the Timor Gap in coming months. [end recording]

Delegation on Rights, Development in Indonesia

BK3110094692 Hong Kong AFP in English 0632 GMT 1 Nov 92

[Text] Sydney, Nov 1 (AFP)—East Timorese continue to be rounded up and imprisoned despite the international uproar over last November's Dili massacre, a member of an Australian parliamentary delegation said here Sunday.

The delegation was barred by Indonesia from visiting East Timor during its recent 13-day tour, but Senator Vicki Bourne said Sunday it had met several East Timorese who said the human rights situation there was as bad as ever.

"They tell us there are still some military there who are still well and truly in control," Bourne said, adding: "People are being rounded up, thrown into jail and worse.

"People have been bashed up and they (the military) are obviously not unwilling to shoot people," she said.

Scores of people were killed in Dili on November 12 last year when security forces opened fire on a memorial procession.

The delegation leader, Senator Chris Schacht, said Saturday that most Indonesians were unconcerned about human rights abuses in East Timor.

"Though Australians quite rightly have a very strong concern about human rights in Indonesia, and particularly in East Timor, in most of Indonesia, East Timor does not rate very highly," Schacht said.

"They (most Indonesians) are mainly concerned about developing the human resources and improving the living standards of the people," he added.

Schacht also said the delegation was "quite astonished" at the rapid economic development that had taken place in Indonesia, which was "no longer a poor Third World country. It is a rapidly developing country economically that has a middle class of some 15 to 20 million people," he said.

"Australians have got to understand that our nearest neighbour in Southeast Asia is very rapidly becoming a major economic force which we cannot ignore," Schacht said.

He said Australia's trade with Indonesia had the potential to reach 10 billion Australian dollars (6.9 billion U.S.) by the turn of the century.

New Caledonia

3,000 Tonnes of Nickel Discharged Near Marine Reserve

BK0111064492 Hong Kong AFP in English 0327 GMT 1 Nov 92

[By Philippe Perdriau]

[Text] Noumea, Nov 1 (AFP)—The discharge of some 3,000 tonnes of nickel from a ship grounded off New Caledonia, threatening a nearby marine reserve, has prompted new concern over environmental protection here, observers say.

The local press in this French South Pacific territory has echoed popular concern after the decision by the forwarding agent of the Philippine ship Maynilad U to discharge Tuesday part of its mineral cargo into a lagoon.

The same concern has been voiced by several political groups in the territory.

One of the main opposition parties, the Kanak Socialist National Liberation Front, said it was "astounded at the insensitivity of the state authorities in the face of what the whole world, including this country, regards an ecological disaster."

Another opposition party decided to make environmental protection one of the principal themes of its annual congress that opened Friday.

The state prosecutor has meanwhile called for the launch of a judicial inquiry into marine pollution from dumping by ships.

After initially supporting the decision to discharge some of the mineral cargo as the best way to refloat the ship, local authorities subsequently distanced themselves from the move.

The High Commission said in a statement that no valid authorisation was given to the ship owners for the action.

It is still too early to tell what repercussions the nickel discharge will have on marine life and lagoon corals, specialists say.

Pascale Jouanneau, marine biologist and director of a Noumea aquarium, said the partial discharge was "the least damaging of the options," in the light of the threat of even worse pollution if the ship's hull had been breached.

Environmental protection and pollution are subjects rarely debated in New Caledonia, where the nickel industry is the principal source of income.

A local nickel company's treatment plant, at Doniambo near central Noumea, emits thick smoke and nickel dust onto the city. No statistics are available on the effect of these emissions on the population.

The beaches around Noumea are often polluted due to the absence of treatment plants for sewage.

The most popular beach was recently closed to swimmers because of human waste carried down by a stream. The beaches of two major tourist hotels located either side of the beach were not however closed because, according to authorities, they escaped the pollution.

Such pollution scares get little coverage in New Caledonia, where tourism is the second biggest industry.

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[Text] Former LDP Secretary General Keizo Obuchi, who became the new chairman of the Takeshita faction, gave an interview on 28 October to NIHON KEIZAI SHIMBUN [NIKKEI] and others in which he elaborated on his views on faction management and other issues. During the interview, Obuchi stressed he would aim at harmonious management of the faction. With regard to the new policy group created by former Secretary General Ozawa, Obuchi said that "while it is difficult to say what is a faction within a faction, based on common sense the public thinks this is anomalous," showing his critical attitude.

[NIKKEI] The new leadership of the Takeshita faction is only one day old. What is your thinking about its composition?

[Obuchi] As the faction chairman I will not think in terms of which camp or which faction. My only objective is to make personnel composition embrace the entire faction. However, I think for a time limit the leadership should be formed before the extraordinary session of the Diet is convened on 30 October. I will continue to engage actively in discussions.

[NIKKEI] Are you thinking of making Mr. Ozawa the deputy chairman?

[Obuchi] We have not reached a conclusion. However, Mr. Ozawa has said that in order to revamp the faction leadership, he would personally refrain from assuming a leadership post. I think we have to respect that view.

[NIKKEI] Mr. Ozawa and others will start a study group within the faction.

[Obuchi] If this will come to be criticized as a faction within a faction, the Takeshita faction will not be in good shape.

[NIKKEI] Are you saying if it is simply a study group, then it will be all right?

[Obuchi] On the one hand factions have been criticized for being an organ for distributing positions of power and money. On the other, even inside a faction there are people with different views. I think there is a need for these views to interact.

[NIKKEI] Will Chairman Obuchi aim at becoming the prime minister and party president?

[Obuchi] I am someone who once wanted to refrain from running for a seat in the Diet. However, if eventually I am nominated by everybody, I will not refuse. We have quite a number of outstanding members. If they want to become the prime minister and party president, and think "if I do not do it, what can the others do?" they should all compete for the nomination and we can choose a candidate from there. There is no law saying the chairman of a faction should run for party president.

[NIKKEI] Are you thinking of changing the policy of faction management to make it cost less money?

[Obuchi] Right now I have no specific ideas in mind. However, I think as much as possible we should try to make the flow of money more open. Ironically the annual political funds of Keisei-kai are even less than my personal political funds. It is indeed hard to believe the faction is carrying on with that little. I think what needs to be disclosed should be disclosed in order to win the people's understanding.

[NIKKEI] What will the Takeshita faction be called from now on?

[Obuchi] I hope it will still be called Keisei-kai. The newspapers and other mass media will surely come up with other names. It will be up to you whether you call us the Obuchi faction or the Takeshita faction-Keisei-Kai. I would like to see what happens.

[NIKKEI] Will the Keisei-kai continue to control the important positions in the government and the LDP?

[Obuchi] If we are asked to, I think at least it will be natural for us to cooperate in a positive manner.

[NIKKEI] If it becomes apparent a faction within a faction does exist, will you do something about it?

[Obuchi] It is difficult to say what is a faction within a faction. I think based on common sense, the public will think it is anomalous to do this within the same faction. I will work hard to prevent something like that from happening.

Further on Faction, Political Stance

OW2910063392 Tokyo MAINICHI SHIMBUN in Japanese 29 Oct 92 Morning Edition—FOR OFFICIAL USE ONLY

[Interview with Keizo Obuchi, newly elected chairman of the Takeshita faction of the Liberal Democratic Party [LDP], by unidentified MAINICHI SHIMBUN reporter on 28 October; place not given; received via Nikkei Telecom database]

[Text] Keizo Obuchi, new chairman of the LDP's Takeshita faction, gave an interview to MAINICHI SHIMBUN on 28 October in which he stressed his intention to exert efforts to persuade the Ozawa group to participate in the faction's leadership, and to conduct faction affairs with emphasis an on intra-factional harmony. He also stated that the Takeshita faction would continue to cooperate with the Miyazawa administration, and that he would change his faction's relationship with other factions from one characterized by "Takeshita faction domination" to a more cooperative one. Details of the interview are as follows:

[MAINICHI SHIMBUN] Your group and the Ozawa group have practically parted ways.

[Obuchi] We are hoping everyone will unite under the banner of the Keisei-kai (Takeshita faction) regardless of which group or camp they belong to. Since personnel

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matters are very important, we would like to ask the Ozawa group to participate under a cooperative relationship. We will exert relentless efforts in all possible ways to persuade them to recognize Obuchi's chairmanship and form a cooperative structure.

[MAINICHI SHIMBUN] If they refuse to recognize Obuchi as chairman, will you just go your own way regardless of whether they agree or not?

[Obuchi] When the extraordinary session of the Diet begins, and questions concerning the Keisei-kai are raised, the fact that our faction is still in confusion will have a bad influence in many ways. We intend to exert efforts to establish the leadership by tomorrow night.

[MAINICHI SHIMBUN] Your relationship with the other factions has been said to be one of "Takeshita faction domination". What do you think of your relations with the other factions from now on?

[Obuchi] If it is going to be "one, two, three, let us disband all the factions," then we will have to discuss this among ourselves. Right now we cannot disband our faction alone. How all the factions will form a cooperative relationship will be the basis for the prime minister and party president's political management. The present political configuration has been criticized as an establishment of "one strong faction plus four weak factions;" we have even be criticized for assuming an attitude of "if you are not with the Keisei-kai then you are nobody." We must accept such criticism and engage in sincere soul-searching. Because politics has moved according to how the Keisei-kai moved, undeniably this has given rise to antagonism, grudges, and discontent.

My political philosophy, and my philosophy of life, is that one who is strong must be humble. While factions are bound to compete at times, it is important for the faction leaders at least to be able to talk to each other. I am able to talk candidly with Messrs. Hiroshi Mitsuzuka (chairman of the Mitsuzuka faction), Kichiro Tazawa (acting chairman of the Miyazawa faction), Tadashi Kuranari (acting chairman of the Watanabe faction), Toshiki Kaifu (honorary chairman of the Komoto faction) of Mr. Toshio Komoto's faction, and Mutsuki Kato; I am able to talk to all these chairmen. I would not like waste all the personal connections I have accumulated over the years.

[MAINICHI SHIMBUN] During the upcoming cabinet reshuffle and personnel appointments for the party leadership, will the Keisei-kai continue to hold the post of LDP secretary general.

[Obuchi] This is a prerogative of the party president, so I am not in a position to say. Whether LDP President Miyazawa intends to reorganize the party leadership following the Diet session is still in question. On our part, we will continue to cooperate with him at the core of the party. I will refrain from making statements about something which is the president's prerogative.

[MAINICHI SHIMBUN] What will be your stance toward the Miyazawa administration?

[Obuchi] Basically, it will be on a case-by-case basis. Since the Keisei-kai played a central role in the creation of the Miyazawa administration, needless to say we will continue to cooperate, however.

[MAINICHI SHIMBUN] What policies will you advocate?

[Obuchi] I think our role is to think of "what is political reform," and based on a soul-searching on this issue, promote political reform even more actively.

[MAINICHI SHIMBUN] Concerning former Prime Minister Takeshita's explanation about the Kominto incident, the LDP wants to do this at the Council on Political Ethics, while opposition parties are opposed to this.

[Obuchi] I am aware former Prime Minister Takeshita wishes to prove his innocence at the Diet. I also would like him to do that. I am not a member of either the LDP's Diet Affairs Committee or the Diet's Committee on Rules and Administration. I leave the question of where to do this to them.

[MAINICHI SHIMBUN] Opinion polls show a very negative view on the issue of whether former Prime Minister Takeshita should resign. Do you think the people will understand if he explains?

[Obuchi] I am positive about that.

[MAINICHI SHIMBUN] There is also a demand for summoning former LDP Vice President Kanemaru to testify. What will you do about that? It seems that the prosecutors are investigating what happened to the 500 million yen Mr. Kanemaru received. As the faction chairman, do you intend to reveal the truth of the matter?

[Obuchi] Since I have just been elected to the post, I am not sure whether I can do that. If an investigation of the case has been resumed, I think at this stage the truth should be uncovered by the judicial authorities. Mr. Kanemaru's problem will be focused on the Diet. I will refrain from making any remarks that may give the impression I am giving the orders.

LDP's Kato Group Decides Not To Join Ozawa Group

OW3010055892 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Oct 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] A group led by Dietman Mutsuki Kato of the ruling Liberal Democratic Party confirmed at a general meeting on the afternoon of 28 October that it will not join forces with the policy group formed by the pro-Ozawa group of the Takeshita faction. After the end of the general meeting, Mr. Mutsuki Kato told reporters that "almost all the members of our group compete with those of the Obuchi group or the Ozawa group in various constituencies."

Hata-Ozawa Establishes 'Forum' To Oppose Obuchi

OW3110101592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Oct 92 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] Since the prevailing situation in the Liberal Democratic Party [LDP] favors new Chairman Obuchi, a Takeshita faction subgroup supporting former Secretary General Ozawa is now planning to focus its attention on solidifying its foundation by unifying 36 lawmakers, who are joining forces to back Finance Minister Hata in a nomination for faction chairman. Accordingly, the group has established within the faction a policy group called "Reform Forum 21". While establishing this forum as the beginning of unification, the group wants to avoid criticism from inside and outside of the party on the group's efforts not to recognize Obuchi as the leader of the faction by advocating "the resolute enforcement of political reform". The group also plans to change the present situation by launching a strategy of appeal to the public.

Regarding the formation of a political group, Mr. Ozawa has been prudent, saying that "we can do it when the situation in the faction calms down more, during the extraordinary Diet session or next year", because the formation of a group "means the admittance of defeat in internal factional struggles for the post of the new chairmanship," (according to a senior official). However, since both sides have failed to narrow the gap at the general assembly, Ozawa has concluded that "negotiations have passed a certain stage and the struggles will be a long-term battle, with their focus centered around next year's dissolution of the lower house and the general election", (according to a senior party official). Therefore, the group created the forum with the aim of improving its image, which will aim toward wiping out the members's weak point—many members of the group are young and have weak voting bases.

The 36 lower house lawmakers will act as core members for the policy study group. In the future, they will aim to expand the size of the study group to about 50 people by asking lower and upper house lawmakers, who belong to a interim faction within the Takeshita faction, to join the study group. Mr. Ozawa, by taking into consideration the fact that there is a deep-rooted "anti-Ozawa" atmosphere in the party, will employ the tactic of stepping back from center stage and persistently putting Mr. Hata in the forefront instead. It seems that he is also keeping in mind the possibility of forming a coalition with the "Young Dietmen's Association for the Realization of Political Reform".

On the internal faction struggles, Mr. Ozawa still maintains a strong stance, saying: "Whether it is official or not, the matter will be settled this year. Actually, the game is already over." He is maintaining this strong stance because his group holds a majority in the lower house. In addition, it seems that he expects that former Prime Minister Takeshita, who is seen as an Obuchi group supporter, will get a severe blow when he appears before the Extraordinary Diet as a sworn witness for his involvement in the Kominto incident [concerning badgering tactics, called "homegoroshi" or killing with praise, in which rightists attempted to humiliate Takeshita by praising him in an overly exaggerated manner in speeches made on the streets around the Diet building immediately before he became president of the LDP] and other matters.

However, since "it became impossible, in the wake of the formation of the policy group, to compromise regarding the personnel reshuffle for the post of party vice president and other matters," Ozawa must be prepared for "cold treatment" in reshuffles of the cabinet and party executives after the Extraordinary Diet session. It is possible that there will be a stir among the young lawmakers should the Ozawa group fail to change the situation before the personnel reshuffles.

As the name "Reform Forum 21" directly indicates, it is certain that the Ozawa group, which expects this struggle to continue for a long period of time, strongly believes that "generational change is inevitable and that the situation will change in favor of the group as the time passes." Takeshita, when he formed the "Keisei-kai" within the Tanaka Faction, had 40 lawmakers from both the lower and upper houses on his side. Compared to this, the forum, which is composed of 36 lawmakers from the lower house alone, is a group of considerable force. It seems that the fate of the group will be determined by whether or not they will be able to maintain their unity.

Ministry May Establish Free Trade Zone

OW3110000692 Tokyo MAINICHI SHIMBUN in Japanese 28 Oct 92 Morning Edition p 9—FOR OFFICIAL USWE ONLY

[Text] The Foreign Ministry on 27 October started investigating the possibility of setting up a free trade zone in the Asia-Pacific region. This action was taken to check a move within the U.S. Government to expand the North American Free Trade Agreement (NAFTA) to the Asia-Pacific region, while excluding Japan.

Concrete plans are to set up a study group soon, which will be chaired by Hitotsubashi University Professor Ippei Yamazawa, to deliberate the issue of regional economic integration, and to discuss broadly with the ROK in early November such economic issues as tariffs and trade. The Ministry also plans to begin similar talks with Australia.

Article Comments on MITI's Weakening Role

OW3110073192 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Oct 92 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Article by economics reporter Tooru Yoshida: "MITI—Japan Planning Department Incorporated"; first in series under rubric "Kasumigaseki at the Crossroads" to be carried in Monday morning editions—first paragraph is newspaper introduction]

[Text] Kasumigaseki [the government office town in Tokyo] is at the crossroads. Bureaucrats who have led industries and the economy of post-war Japan now appear incapable of determining a policy direction as the nation's economy reaches maturity and the aftermath of the bubble economy demands attention. Fatigue has become noticeable in the "bureaucrat"-led economic system, a feature of which is the administrative guidance of industry—especially amid the frictions with Western capitalism such as the Japan-U.S. Structural Impediments Initiative [SII] talks. What will happen to Kasumigaseki? Let us begin with the Ministry of International Trade and Industry [MITI].

Panels Inaugurated Consecutively

MITI Vice Minister Yuji Tanahashi, alias "Mr. MITI," has issued a master command to the entire ministry to search for a new course for MITI.

His instruction is to "start dialogues soon with younger executives of all industries." Taking this as a cue, Masahisa Naito, director of the ministry's secretariat, late in August sent out very confidential instructions to the heads of 16 major ministry departments covering such industries as automobiles, electronics, electric machinery, chemicals and steel. The purpose was to examine the industrial policies the ministry needed to adopt to solve structural problems in industry that came to light as a result of the recent recession.

On 6 October, the ministry set up under the Industrial Structure Research Council, an advisory panel for the minister, the Basic Issue Subcommittee (chairman Kotaro Tsujimura, professor of Toyo Eiwa Women's University) to study revision of the Japanese-style management system which has supported economic growth since the end of the war.

In addition, between the period from late September to early October, the "Consultative Panel To Study Future Production" and the "Consultative Panel on the Livelihood Information-Oriented Age" were established to study, respectively, the direction needed for the production industry in general and new home appliance commodities. The "Committee to Study the Sensitivities of Society," which will study the production of new commodities which appeal to the sensitive side of human nature. It is indeed unusual that so many panels and committees sprang up in just a two-month period.

What on earth has happened to MITI, which is proud of having led the Japanese economy to its current achievements? A junior official at the Industrial Policy Bureau said that amid rapidly changing social and economic environments, both at home and abroad, "there is a growing restlessness among officials, seniors and juniors alike, because of a failure to make clear their own future images."

What has added to irritations at MITI is the fact that the current economic slump has directly affected the star industries, such as automobiles, computers, and home appliances.

During the boom of the bubble economy, each and every major company was engaged in raising funds through equity financing (fund raising through issuance of new stocks) at super-low costs, and also in excessive investment in plant and machinery. Yutaka Kume, chairman of Nissan Motor Co. said that "if an analogy with the human body is drawn, only fat has been added."

Retrospection Also Voiced Within the Ministry

At a time when major companies should have started restructuring their operations for the next generation, not only business but also MITI was blinded by the dazzle of the bubble economy. Now the call within the ministry is for a thorough examination of past action to discover where it went wrong. Tsutomu Makino, director-general of the Basic Industries Bureau, said "MITI should have raised its voice in demanding industrial circles to refrain from making excessive investment."

MITI has taken pride in its measures to induce companies to aim for its policy objectives by providing them with capital raised through such steps as treasury investment and loans as well as tax reduction on investment. However, such measures have recently begun to lose effect their effect.

When the government in late August was working out comprehensive economic countermeasures aimed at an early recovery of the sluggish economy, MITI tried to persuade various groups, including the Finance Ministry, to include in the program measures such as tax reductions for company investment in plant and machinery, as well as expansion of loans by government-concerned financial organs. However, industry reacted coolly.

A senior executive with a major non-ferrous metal company said, "since only investment aimed at reducing energy consumption or minimizing labor will be subject to tax reduction, it is not too attractive to us."

The United States, as well as European countries, has turned a severe eye toward Japan's policy of protecting its own industries—as evidenced by Japan's outstanding trade surplus and trade frictions which have led to the Japan-U.S. SII talks. If the recession had taken place a decade ago an anti-recession cartel would have been formed. However, since such a move, which might be termed a trump, was brought up at the SII talks among other forums, this measure has virtually become a "sealed move" [the last move in the first session of a two-session game of go, which is kept sealed in an envelope and therefore unknown to the opponent until the game is resumed].

Serious Decline in Information-Collecting Capability

In such circumstances, the issue has become the decline in standing of such agencies as the Machinery and Information Industries Bureau and the Basic Industries Bureau, which are the "primary bureaus" maintaining direct contacts with industry. A key senior official with the Basic Industries Bureau called on representatives from organizations within the chemical industry in July, asking for their cooperation in revising the law on energy conservation.

A business representative who met with the official at the time expressed his distrust. He said: "It seems that they have not sufficiently examined our efforts in connection with energy conservation. I felt that he merely conveyed requests—as they were—that had already been made by other bureaus such as the Industrial Location and Environmental Protection Bureau."

Criticism by industry has been sensed within the ministry. One senior official explained his sense of crisis, saying: "There has been a decline in the ability of those section chiefs and assistant chiefs of the primary bureaus to collect information. It will be necessary for them to get in close to companies and find out their true intentions."

Amid trade frictions involving such industries as automobiles and semiconductors, the ministry has been busily engaged in sorting out various problems caused by pressure from the United States and involving industrial circles that insist their own immediate interests are looked after. As a result, the ministry has lost an opportunity to guide industry toward new technological revolutions.

During this period, enterprise restructuring has progressed in the United States, and Japan has allowed the United States to open up a lead in the development of computer software and microprocessors.

The situation is the same when it comes to handling environmental issues with which the automobile industry will have to deal. To popularize low-pollution cars, MITI plans to import from Chrysler and other U.S. auto makers next January automobiles which run on both methanol and gasoline for the Center for Revitalization of the Petroleum Industry—an organization affiliated with the ministry. It is because domestic auto makers have fallen behind in the development of low-pollution cars. And in the development of electric cars also, Japan has become subordinate to General Motors. Japan will now have to pay a dear price in the technological field because of its indulgence in the bubble economy.

Nevertheless, MITI has a strong advantage because it possesses a wide-ranging vision as well as extensive information, which individual enterprises do not have. And it has an increasingly greater responsibility in recommending new visions to industry. If MITI should fail to fulfill this obligation, its decline will certainly become decisive.

When deliberations were conducted from spring to summer this year over policy for the next fiscal year, one phrase was on everyone's lips within the ministry "hone-buto na seisaku" [stoutly-built policy]. What is indicated here by "hone-buto" [literally, big bones] is the fact that this comprehensive policy is based on a consciousness of global as well as mid and long-term issues such as harmony between regulations in international trade and the domestic industrial policy. It also encompasses the idea of a compatibility between global environment problems and enterprise activities.

The point at issue now lies in whether MITI will be able to work out a genuine, well-built industrial policy for the sake of the Japanese economy that is recovering from the heavy blow of the bubble economy and now greeting the new period of structural reconversion.

The MITI that once stood at the summit of "Japan Incorporated" has repositioned itself as the "Planning Department of Japan Incorporated," according to one Industrial Policy Bureau source, so that it can launch a fresh start.

'Defeat' of IBM by Domestic Industry Viewed

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[Article by Yasunori Tateishi (nonfiction writer): "Why Was IBM Defeated in U.S.-Japan Showdown?—Pursued by Japan, the Giant Lost Sight of the Times"]

[Text] The Japanese computer industry differs from that of the United States in that it was developed by the efforts of "the government and people together." Its history began with the Ministry of International Trade and Industry [MITI] planting the seeds of the computer industry and causing them to bloom.

The first ones to undertake the nurturing of the computer industry were the technical experts of MITI or the Electrotechnical Laboratory of the Agency of Industrial Science and Technology. They undertook trial manufacture of computers beginning in the early 1950's, and the first transistor-type computer was perfected in Japan in 1956. This obtained knowhow was supplied free to private corporations such as Hitachi and Nippon Electric Co. (NEC). Frankly, the technical experts of the Electrotechnical Laboratory wrote the blueprint for Japanese manufacturers, and furthermore, even provided technical guidance to make manufacturing possible based on that.

On the one hand, MITI promoted the drafting of the "Provisional Measures To Promote the Electronics Industry Act" to foster the Japanese computer industry, and it was enacted in June 1957. Two months after that, an Electronics Industry Division was newly established in the ministry. Corresponding to such actions on the national level, manufacturers, with Hitachi, Toshiba, and NEC at the center, established the "Japan Electronics Industry Development Association Corporation" in March 1958. The system of "government and people together" for the fostering of the computer industry was born here.

Due to this aggressive support by MITI, Japanese manufacturers were able to manufacture commercial machines by themselves. For example, NEC perfected the first domestically manufactured transistor-type computer, the "NEAC-2201," in 1958. Hitachi succeeded in development of the "HITAC-301" and Toshiba, the "TOSBAC-2100," in 1959.

At the time, it was said that the technology of Japanese computer manufacturers was at least 10 years behind that of the United States. Japanese manufacturers embarked on technical tieups with foreign manufacturers to overcome this lag. Of course, the tieup which all Japanese corporations desired at first was with IBM. The international strategy of IBM, however, was to establish wholly owned subsidiaries and not permit any tieups at all with other corporations. For that reason, they only had tieups with corporations abroad that were rivals of IBM: Hitachi with RCA, NEC with Honeywell, and Toshiba with GE.

MITI, on the other hand, took maximum advantage of the situation before liberalization of imports. Even though there were applications by Japanese users to import computers of foreign corporations such as IBM, they were summoned to a government office and "administrative guidance" was given to change to a domestically produced computer.

At the time when the Japanese computer industry began to toddle alaong with such efforts of the "government and people together," IBM announced an epochal new model computer, the "System/360," which Watson, Jr. called "a complete departure from the past."

Gulliver Blocks the Way

The 360 became IBM's greatest hit product and swept the world market. IBM considered its position as "the giant of the computer world" to be unshakable.

The special characteristic of the "System/360," as per its name, is that it is a computer that can be used 360 degrees for any purpose. Computers are largely divided into two groups: for scientific calculations and for business use. Speed in calculation is demanded for the former and a huge memory capacity is necessary for the latter. The 360, which included both those elements, truly could be called almighty.

Furthermore, the 360 was the first third-generation computer in which integrated circuits (IC) were used in elements. In performance, it had a calculation speed about 150 times that of the vacuum tubes of the first generation. The cost was about 1/40th.

Its compatibility also was a strong weapon.

The 360 was comprised of six types of computers from small to large. When a user switched from a small computer to a large one, it previously had been common that programs that had been used such as for inventory management could not be used because the machine was different. There was no obstacle with the 360, however.

Compatibility was made possible because the architecture (basic design, design concept) of the computers belonging to the "System/360" was all made the same. Architecture is, so to speak, like the width of track rails. Various train cars (programs, software) such as pay calculations, inventory management, or trajectory calculations run on it. So long as the width of the rails is the same, those train cars can run on any track. If the width of the rails is different as in Japan and in Europe or the United States, however, the same train cars cannot be used.

The appearance of this 360 shocked the Japanese computer industry.

IBM simultaneously announced the "System/360" in 62 cities throughout the United States and in 14 countries abroad on 7 April 1964.

Shigeru Takahashi, who was engaged in the development of computers at Hitachi, was one person who received a shock by the appearance of the 360. Takahashi came from the Electrotechnical Laboratory of MITI and was the technical expert who perfected Japan's first transistor-type computer trial-manufactured machine.

"That was epochal. Therefore, I realized that what was done at Hitachi alone could not rival IBM. We were obliged to work together with RCA, our tieup. The RCA staff was considering a computer that was completely compatible with the IBM. Hitachi was asked to support it if it were proposed to those above, and agreement was made."

Occasioned by the appearance of the 360, Hitachi began to grope seriously for a way to be IBM-compatible. About that time, IBM disclosed the architecture of the "System/360" and anyone could obtain the specifications.

The various domestic manufacturing companies were in the predicament of being forced competition-wise to seek a line of products on the same level as the "System/360."

The following year, in 1965, domestic manufacturers one after the other announced series computers. NEC, which held top place in the industry, had the NEAC-2200 series, Fujitsu had the FACOM-230 series, and

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Hitachi had the HITAC-8000 series. However, the sorrow of hasty production was that compatibility like the "System/360" could not be expected.

Hiroshi Yamada (currently a Fujitsu Research Center consultant), who participated in development of the FACOM-230, says that "although it bore the name of 230 series, there still was no compatibility with higher or lower machines and the situation was that we had not gotten to that level at all."

Particularly threatening to domestic manufacturers was the fact that IBM Japan began to produce small versions of the "System/360" in Japan in 1966. A deep sense of crisis ran among those involved in the industry, including MITI, that "If it keeps on this way, Japanese computer manufacturers will be ruined."

Nevertheless, the Japanese computer market seemed to be drawn to the IBM "System/360" and it increased with a growth rate exceeding an average of 30 percent for the latter half of the 1960's. Great factors that accelerated this computerization were banks going on-line and the reserved-seat system of Japan National Railway. The computer that banks vied to introduce was the IBM "System/360."

Of course, the greatest goal of Japanese manufacturers during that time was development of a domestically produced computer that surpassed the "System/360." However, that goal could not be achieved. In 1970, six years after the announcement of the 360, IBM announced the successor "System/370." The 370 was technically a 3.5-generation computer. It had four times the processing capability and two to five times the processing speed of the 360.

At the time, IBM held about 70 percent of the world market, and annual sales exceeded $7 billion. It already had surpassed GM, said to be "the symbol of America," in stock price.

MITI and domestic manufacturers were standing in a difficult position in their offensive against giant IBM.

On the other hand, MITI computer policy greeted a new stage. In July 1969, the year before the announcement of the 370, the Electronics Policy Division was newly established within the Heavy Industries Bureau in place of the Electronics Industry Division that previously had been in charge of computer policy, and it embarked on intensified cultivation of domestic manufacturers. The Electronics Policy Division was, so to speak, a section exclusively for computer policy.

Shoichi Akazawa (currently chairman of the International Economic Exchange Foundation), who was the director general of the Heavy Industries Bureau at the time, explains that position in which MITI was placed.

"The Japanese industry fell into a panic due to the 370. At that point, the U.S. Government came to talk about the promotion of liberalization for all industry, including computers. So, U.S.-Japanese negotiations began, but the issue of the return of Okinawa happened to become involved. The Sato cabinet at that time took the stance of wanting amicable negotiations somehow with the United States. It became a situation where they could not avoid liberalization of computers to do that. The MITI standpoint was how could domestic manufacturers survive if there were liberalization. The issue of reorganization of the computer industry was born from that."

It was not just Japan that was pushed to reorganize the industry in the offensive against IBM. It was more serious for Europe. Huge development capital in terms of technology and vast rental capital in sales were necessary to rival IBM. Challenged to a head-on fight, Olivetti of Italy and Machine Blue [as transliterated] of France successively withdrew from the computer industry in 1964 and 1965, giving in to IBM's "System/360."

In a word, the situation in Europe was controlled by U.S. manufacturers, including IBM. IBM, of course, held the majority share in European markets.

MITI Challenges a Fight

The top manufacturer in the Japanese market also was IBM Japan.

Initially, there had been seven domestic manufacturers, but since Matsushita Electric withdrew from the computer business in 1964, there were six companies: Hitachi, Toshiba, Fujitsu, NEC, Mitsubishi Electric, and Oki Electric. It was the general opinion that six companies were too many to oppose IBM. It was the judgment of MITI that the only way for domestic manufacturers to survive without being crushed by IBM was to reduce the domestic manufacturers, pour subsidies into them, and develop a high-performance computer surpassing the "System/370" as soon as possible.

Morihiko Hiramatsu (currently, governor, Oita Prefecture), the first director of the Electronics Policy Division, was the first to undertake this difficult problem. Hiramatsu had participated in the policy of cultivating domestic manufacturers in his days as assistant to the director of the Electronics Industry Division 10 years previously. For him, appointment as director of the Electronics Policy Division was like returning to the old nest. In the view of Hiramatsu, however, though the cultivation of the Japanese computer industry was being promoted by "the government and people together," there was a slight difference in aim between the two.

"MITI wanted to make a computer to oppose IBM by hook or by crook. That was because of the awareness that computers are the heart of electronics. Japanese manufacturers, however, were not specialized in the business like IBM of the United States. Therefore, even if Japanese manufacturers went into the computer business, they would immediately pull back a step (if anything went wrong). It is a fact that there was a slight difference in the policy intentions of MITI and the thinking of the various corporations at the time."

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probably was the domestic manufacturer most in agreement with MITI.

Fujitsu undertook to put their whole company into the development of computers after Kanjiro Okada was appointed president in November 1959. In his New Year's address in January 1962, Okada proclaimed that "the company future of Fujitsu depends on computers."

The one who proposed the development of computers to Okada was Daisuke Kobayashi (former chairman of Fujitsu), who had been the head of the Development Division. There was some justification for their choice. At the time, Fujitsu had obtained the talented man, Toshio Ikeda, who was later called "a computer wizard."

Ikeda joined Fujitsu in 1946 when he graduated from the Electrical Engineering Department of the Tokyo Institute of Technology. In his high school days, he was a basketball player and had the experience of appearing in a national tournament. Tall and large-built Ikeda stood out among the Japanese even in physique.

Ikeda had the habit of forgetting everything else when he was absorbed. If he worked until late at night, it was difficult getting up in the morning. Ikeda would not get up and go to work. He would stay up all night at home not necessarily without working. However, such a pretext was not common in an organization. It was the era of daily wage salaries in Fujitsu at that time. Continuing on this way, Ikeda went without pay.

Therefore, his superior Kobayashi negotiated with the company to give special treatment to Ikeda. The company organization complied with the circumstances of an individual and not its own system. It was unprecedented. For Fujitsu, whose company future depended on computers, the talent of Ikeda indeed could not be

rant in Akasaka, Tokyo, at noon on 23 September 1971.

This restaurant is located in a place a little back from the street, close to the Hotel New Otani, and is inconspicuous. Its greatest advantage was being close to Kasumigaseki.

Komaru Kawatani (currently, Fujitsu auditor) in charge of international trade and Ikeda sat together facing Hiramatsu across the table with their backs to the tokonoma [alcove]. Kawatani's superior, Shiro Yoshikawa (currently, president of Fujitsu General), was on the right of Kawatani and appeared to be watching the conversation of the two.

Hiramatsu started the conversation.

"Ikeda, what in the world are you going to do? The subsidy will be forfeited if it goes on like this."

When Ikeda was silent, Hiramatsu strengthened his tone of voice with an exasperated expression.

"With whom can Fujitsu join hands? If Fujitsu does not do something soon, the others will just wait and watch."

Ikeda spoke reservedly, "I cannot say anything about that since I am not the president."

"Don't say such a thing. If you do not decide, the president also will not be able to decide." The impatience of Hiramatsu was not unreasonable.

In order to develop a domestically manufactured computer surpassing the 370 as soon as possible, Hiramatsu and others had negotiated with the Ministry of Finance [MOF] and obtained the promise of a subsidy grant (ultimately, 55 billion yen over a five-year period) for Japanese manufacturers. However, there was one condition. It was necessary for the six computer manufacturing companies to divide into several groups and adopt my personal thinking. If the following conditions are fulfilled, I would like to join hands with Hitachi. However, I have not talked with Hitachi."

The conditions were 1) the substance of the tieup would be confined to agreement on the architecture (not manufacture of the same computer), and 2) the architecture would be IBM-compatible.

When Hiramatsu groaned, "Yes" upon learning of the conditions, he looked up to the ceiling for about 12 seconds with his eyes closed. According to him, at the time "I had been thinking about a tieup between Fujitsu and NEC as a great possibility, as manufacturers of the same communications instruments." For that reason, he probably was surprised at Hitachi being the tie-up party that was suggested by Ikeda.

Recovering his composure, Hiramatsu followed up with the words, "I understand, but please let me ask one question. What is architecture?"

"Architecture is the basic standards in the design of a computer."

"I understand. I am OK on this principle. Please leave it up to me on how to intercede with Hitachi."

Saying this, Hiramatsu stood up. The chopstick wrapper on which the conditions had been written was stashed carefully in his pocket.

After parting from Hiramatsu, Ikeda visited the homes of prominent figures in the company such as Kanjiro Okada, including company president Yoshimitsu Kora, and sought their understanding on the tie-up with Hitachi. However, Okada, who was sympathetic with Ikeda, showed reluctance at changing the architecture to be IBM-compatible.

"Ikeda, this is very serious. I wonder what IBM will do if we become strong by becoming IBM-compatible. Is it OK?"

"I am prepared for that. I also think that it will be serious."

"The future is more of a problem than adopting IBM-compatibility itself."

"Speaking of why I dared to choose that path, there is no other way and the first step must be taken tomorrow. The computer industry is not rooted in Japan. Since IBM software is spreading throughout the world, we will only become an orphan in the world if we move slowly."

Ultimately, Ikeda's proposal was approved. There was probably no objection to Ikeda's condition by Hitachi,

tric were announced.

Trump Card of Amdahl

Thus, the development competition of domestic manufacturers began, aimed at a high-performance computer to rival the IBM "System/370." Fujitsu and Hitachi called the new model computer that was their aim, the M Series. The choice of IBM-compatibility was for this M Series only.

Behind Toshio Ikeda's choice of IBM-compatibility was the strong demand by users. It was a time when the firms that could introduce a large computer, a high-priced product, were limited to large corporations such as electric power companies and large securities companies. The more energy that Fujitsu had poured into expanding the computer business, the more they only could snatch other companies in the same business, or in other words, IBM's share. No matter how much the Fujitsu sales team promoted replacement, however, the words that came back were, "Can we still use the IBM software and programs that we are using now?"

However, it was not that simple even though they had switched to IBM-compatibility.

Toshio Ikeda intended to use the architecture of the IBM "Series/370" in the M Series. Since IBM had disclosed the architecture, the specifications were easily obtained. However, they could not make it completely IBM-compatible by that alone.

Hiroshi Yamada, who participated in the development of the M Series points out the difficulties.

"We thought it would be fine if we understood the major parts for the most part by the IBM specifications. However, we did not understand the minor details. As far as compatibility is concerned, however, everything must match, including the parts that are not major. For example, there are the input/output devices called peripherals."

Indeed, though RCA aimed at IBM compatibility, they ultimately failed. They had to withdraw from the computer business. So, why did Toshio Ikeda make such a risky choice? Was IBM compatibility a choice that stood a chance of success?

Komaru Kawatani says that Ikeda had a "trump card" in reserve.

"That was Gene Amdahl and the "Amdahl jewel."

Amdahl was the chief designer of the IBM "Series/360" and was a technical expert thoroughly knowledgeable about all of the 360, including its architecture. He later

The new, large computer that I had conceived cost too much and the management team decided that it would be an obstacle to the price levels established by IBM."

The computer that Amdahl had conceived was a fourth-generation one using LSI (large-scale integrated circuits) in the arithmetic unit. The "Amdahl jewel" of which Kawatani spoke was LSI. And, this LSI computer was IBM compatible.

"I had all the design responsibility for the 360. I created the operation concept for the 360, or in other words, the principle manual. I had no problem in creating compatibility by following that. IBM created the 360 by following my manual. It was a story of my creating everything and everyone just following me."

In other words, Amdahl's LSI computer was the very computer that was the aim of Toshio Ikeda in the M Series.

At the time, however, a large computer that used LSI in the main arithmetic unit was generally believed to be impossible. Design and manufacturing technology was not believed to have reached that level. Only the two, Amdahl and Toshio Ikeda, did not think so.

Amdahl established the Amdahl Company in October 1970, aiming to perfect the world's first LSI computer. The following year, the Fujitsu California Research Center was established and rented an office to the Amdahl Company. Excellent technical experts from all over the United States gathered there, attracted by his reputation. They also agreed to invest venture capital into his new computer. It seemed that the future of the Amdahl Company was bright without problems.

However, there was one defect that can be called fatal.

That was the existence of Amdahl.

"Amdahl was truly a genius and a super first-rate engineer. However, he was not qualified as a manager and had no management sense at all," reminisces Naochika Ukai (currently, head of the Akashi plant), who came to deal with Amdahl as the responsible person for Fujitsu in California.

Without any outlook at all for perfection of LSI or a computer, they just kept on throwing money away in the gutter. Ikeda gave out funds at the request of Amdahl like a doubling game, beginning with 400 million yen from Fujitsu. However, that also had limits.

was a defeat for Fujitsu.

They decided to have U.S. semiconductor manufacturers make LSI for them to use. However, both Motorola and TI judged that "it was impossible." Inevitably, Ikeda ordered manufacture from the Fujitsu Semiconductor Division, which continued to be reluctant, as a business directive. After that, there was only the problem of whether LSI would be perfected while Fujitsu funding continued. Funds close to the same amount as capital flowed to Amdahl.

IBM Ousted From Market

In June 1975, the world's first LSI computer, the Amdahl Company's "470V/6" was delivered to NASA of the United States. The acceptance tests at NASA were rigorous and it was said that it would take a minimum of a month. However, the "470V/6" passed in a week, demonstrating its high performance.

Naochika soon went to NASA to see the "470V/6"

"I was really moved when I opened the panel and saw the LSI with the Fujitsu logo on them. At the time, the perception of Japanese computer manufacturers was completely the reverse of today. Therefore, no one minded that the Fujitsu logo was on them."

MITI gave a huge subsidy to domestic manufacturers in order to make a domestically manufactured computer that surpassed the IBM 370. In a sense, the MITI subsidy perfected the LSI of Amdahl whom IBM had abandoned, and gave birth to the world's first LSI computer via Fujitsu.

In a scant five years since it went on sale, 600 of the 470V Series were sold and it became the best-selling machine. As a result, the Amdahl Company achieved a growth rate of 30 times.

The M Series, a sister machine, ousted its rival, the IBM 370, from the Japanese market. According to Nikkei Computer (20 August 1984 issue), 60 large users switched from IBM computers (almost all 370) to the Fujitsu M Series in the nine-year period from 1976 to 1984. These were powerful corporations across the board such as the Bank of Tokyo, Tokio Marine and Fire Insurance, Kyushu Electric Power, and Suntory.

Fujitsu power clearly appeared in the numbers. In sales for 1978, and in domestic share for the following year of 1979, they surpassed IBM Japan and leapt to the top of the industry

However, Toshio Ikeda did not know about this brilliant result.

He died suddenly in November 1974, seven months before the world's first LSI computer began operation at NASA. He had gone to Haneda Airport to greet a guest from abroad, suddenly fainted, and died. The cause was a cerebral hemorrhage. He was 51.

However, Toshio Ikeda left an important parting gift to the Japanese computer industry.

IBM had established a development program for the next-generation computer using LSI in elements called the "FS (Feature System) Program." The deadline was 1980, and moreover, these LSI were more high performance by far than those of Amdahl. Ikeda had obtained that information early, around 1973.

That is to say, the information on product development related to FS LSI, that corresponded, so to speak, to a company secret, had partially leaked to the outside in the IBM antitrust law trial process.

Computer performance is determined by the semiconductors. Competition with the IBM Feature System was impossible with the M Series. Rather, it would be a crushing defeat for all domestic manufacturers.

Therefore, for a countermeasure, MITI adopted the same method as when domestic manufacturers had been divided into three groups as a voluntary measure. In 1976, semiconductor research systems were organized by the two groups of NEC-Toshiba, and Fujitsu-Hitachi-Mitsubishi, and a subsidy of about 38 billion yen was given over a six-year period up to 1981. Born as a result was the Japanese-made 256-kilobit VLSI [very large-scale integrated circuits]. It was popularly called "Nigoro" [first syllables of 2, 5, and 6]. Due to these research results, Japanese IC technology surpassed that of the United States and thereafter they were able to stand in an overwhelmingly superior position welcoming the full-scale VLSI era.

IBM Counterattack Begins

This "independence" of the Japanese computer industry meant the sinking of the IBM Japan base at the same time. Since the top seat in the industry was snatched by Fujitsu, IBM Japan has continued to have a decreasing share in the Japanese market, and they have now fallen to fourth position.

The causes of the IBM slump, however, have not entirely been these external factors. Rather, the majority should be traced back to IBM's constitution or an internal factor. That internal factor was the "closed nature" of IBM business.

Forty years have passed since the birth of the world's first commercial computer, "Univac 1." A myth was born in those 40 years of computer industry history. That was "the computer myth" that, no matter what slump there was in society, the computer industry alone would never have negative growth.

In fact, such an era continued for a long time. Supporting that myth was the prosperity of large, general-purpose computers.

Since about 1985, however, the phenomenon called "computer slump" has occurred in the U.S. market. The leveling off of large, general-purpose machines has become conspicuous. In other words, it is the arrival of a downsizing wave.

Of course, IBM has not been insensitive to market changes. Although late to enter the personal computer market that was the unchallenged sphere of Apple, they snatched the top position in the twinkling of an eye when they entered it in 1981. Unlike with the big machines, however, they have been unable to maintain that position and have permitted an Apple comeback.

Moreover, it was an IBM technical expert who first conceived the idea of RISC [reduced instruction set computer] technology, which has been made the star of downsizing work stations, and IBM was the first to commercialize it. Nevertheless, the WS [workstation] market has been conquered by Sun Microsystems, a U.S. venture corporation, in the 10 years or so since it was established.

That is because the IBM of today is under the spell of the "System/360" which had made IBM the Gulliver of the computer industry.

The architecture of IBM and IBM-compatible computers basically has been an extension of the "System/360." IBM has not changed the architecture of its own company products in nearly 30 years. In other words, from the users' viewpoint, once their own personal programs have been created, they have been able to use them for close to 30 years, even if they change to another machine type, so long as it is also an IBM (or IBM-compatible) computer.

In other words, the IBM computer is supported by users who embrace vast programs as an asset.

So long as the 360 architecture is maintained, program compatibility will be preserved. Therefore, the users cannot leave IBM. This has permitted IBM to control the world computer market, and, moreover, to secure a monopoly on the wealth obtained from that.

For that very reason, IBM must continue to preserve and absolutely cannot abandon the 360 architecture. Naturally, IBM has become aggressive against the destruction of this relationship.

IBM Industrial Spy Incident

That aggressiveness has symbolically appeared in the Japanese market. In 1982 when the antitrust law trial between IBM and the U.S. Justice Department was concluded, IBM recovered their freedom. That freedom, however, was a freedom that did not permit any freedom for hostile parties.

Hiramatsu, who had experience negotiating many times with IBM on patent issues during his days at MITI, is one person who highly praises the IBM corporate posture.

"In my experience, IBM never once used political power to its own business advantage. I believe that the Japanese computer industry developed because of the very fact that there was coexistence and coprosperity with IBM."

However, two major incidents, the IBM industrial spy incident and the software copyright conflict between IBM and Fujitsu that occurred after Hiramatsu left MITI, proved that the "coexistence and coprosperity era" between IBM and domestic manufacturers had come to an end in the Japanese market. That was the beginning of direct and merciless bashing of the compatible machine business by IBM.

The industrial spy incident that came to light in June 1982 considerably shocked not only the Japanese computer industry, but society as well. That is to say, it was because the photo of a slightly built Japanese handcuffed from behind being taken off by a big man with one hand in his pocket was widely carried in the newspapers. It was clear from that photo who was in the right.

This incident was the FBI arrest of employees from Hitachi and Mitsubishi Electric on suspicion of industrial spying against IBM. On that occasion, the FBI, with the cooperation of IBM, used a sting operation that was unfamiliar to Japan. Despite the difference in U.S. and Japanese criminal investigation methods, there was no room for defense because they had committed a crime. However, the problem was after that.

In February of the following year, criminal action on Hitachi was settled by a judicial deal. Also, in a civil suit in October, reconciliation with IBM was effected and following that, the criminal suit with Mitsubishi Electric also was settled. The real nature of the incident, however, came to light after that.

About the same time as the settlement of the spying incident, it was revealed that Fujitsu, which was not directly related with the incident, had concluded a "secret agreement" with IBM and, furthermore, it was learned that following that, Hitachi also had concluded the same secret agreement.

The details of the secret agreement concerned the use of software.

At the time, Fujitsu reserved the following comments concerning the secret agreement.

"We agreed to pay compensation to IBM for all software compatible with IBM. I cannot reveal at all the details of the contract because of the agreement between the two companies."

"We pay proper compensation even for independently developed software if it has a very close resemblance."

Because the user's fee that both Fujitsu and Hitachi paid was retroactive, it was estimated that the amount reached several billion yen. It was a secret agreement that created doubts about the establishment of a compatible machine business.

Software is a term used to contrast with the computer itself, which is called hardware. As opposed to the latter, which is a physical thing that can be seen by the eye, the former is called the OS (operating system) which controls the operation of the hardware and cannot be seen by the eye. The programs created by users also are run by this operating system.

The architecture has been compared to the width of the track and the programs to train cars, but the operating system can be considered the engine that pulls the assigned train cars. Of course, there are various kinds of operating systems, just as engines range from steam to diesel to electric, and furthermore, though also electric, high-performance ones such as the bullet train. In computer operation, this engine (operating system) connects the train cars (programs) and runs on the track (architecture). Compatibility is having the same rail width and being able to connect the engine and train cars and to run on the track without any obstacles.

Therefore, a compatible machine is not a copied machine.

Compatible machine manufacturers in the United States are businesses that sell only hardware. The operating system is sold by IBM. In addition, the user develops his own personal programs.

The Japanese compatible machine manufacturers, Fujitsu and Hitachi, however, have developed their own operating systems and sell them together with the hardware. With effort, both the operating system and hardware can be made cheaper than the IBM product. Fujitsu snatched away IBM machine users by this low price route. A classic case of that is Fujitsu winning out over IBM in bids for large general-purpose machines that were held by the Australian Bureau of Statistics and Bank of Brazil in 1979.

Of course, the operating system of Japanese compatible machines and that of IBM are different. The operating systems of both are mechanisms which have different processing methods, but the results produced are the same. Even though the methods are said to be different, however, there are cases where the subtleties seem completely the same to some people. Therefore, IBM asserted that it was an infringement of intellectual property rights for Fujitsu and Hitachi to copy and sell the IBM operating system.

In fact, IBM soon reported a violation of the agreement by Fujitsu and continued negotiations. Without settlement, however, they filed suit in June 1985 with the International Commercial Arbitration Association (AAA) [as published]. Unlike in a trial, once a ruling has been made by AAA, it must be followed unconditionally. It is more strict on that point than a trial.

However, the first confrontation between IBM and Fujitsu surrounding violation of intellectual property rights was in October 1982, four months after revelation of the industrial spy incident. In February 1983, right in the midst of that fight, IBM made secret the technical information on its own operating system. The meaning of this was like a proclamation to Fujitsu that it would not be allowed to make IBM-compatible machines. The sales point of an IBM-compatible machine is that programs created for use on the IBM machine can be used as is. In other words, the operating system engine and the program train cars can be connected. If the size of the connecting parts do not match, the engine and train cars cannot be connected. It meant that IBM would not impart information on that size.

The "closed nature" of IBM business is synonymous with maintaining its monopolistic position in the marketplace.

Two years later, the AAA ruling was handed down.

The greatest point of the ruling was that the IBM-compatible business of Fujitsu was permitted officially for the first time. On the other hand, the ruling preserved the intellectual property rights of IBM and ordered Fujitsu to pay an information user's fee. Preservation of the compatible machine business had great significance for the Japanese computer industry. That is because users embracing vast programs backed IBM-compatible machines.

If Fujitsu had been denied the compatible machine line, either users would have to rewrite all of the vast programs or have Fujitsu develop an independent operating system. Realistically, either was an impossibility. It could be said that Fujitsu was saved by this ruling.

Losing Sight of Era

Having undertaken restructuring, IBM recently has made customer orientation a catchphrase. It has abandoned its former independence and, if IBM does not have the products that customers want, it will meet their needs even by purchasing them from another company.

A symbol of that probably is having supercomputers OEM [original equipment manufacturing] supplied by NEC. NEC is a manufacturer which initially took the route of non-compatibility with IBM. Since the computers of that manufacturer are sold as a member of IBM products, they must have compatibility. The computers would not operate even if connected unless IBM and NEC mutually disclosed various information including the operating systems to each other for that purpose.

Yukio Mizuno, vice president of NEC, admits that fact.

"It is natural. We have mutually disclosed all the necessary information. We have given out and also seen almost all the information sought. The computers won't operate if we don't."

One of the persons concerned who participated in the issue of copyright infringement between Fujitsu and IBM at the time has questioned himself with wonder and admiration.

"Frankly, there was the industrial spy incident, then the fight over intellectual property rights between Fujitsu and IBM that extended over five years. I wonder what those incidents meant. That is because IBM is providing gratis information which they hated to disclose to that extent."

IBM tie-ups, of course, are not limited to this. They have made tieups with Apple and Motorola, one after the other, and they are indeed like a goby [fish that develops symbiotic relationships with other creatures].

The meaning of compatibility also has come to be different from before. The users have begun to connect IBM, Fujitsu, NEC, and other computers freely and run them partially by force. Of course, there are imperfect computers where only one-half or one-third will run on it. However, there are customers who consider compatibility to that extent fine.

The business policy that IBM thoroughly drove into employees was "Sell Big Blue (IBM logo)." They did not sell products to the user, they pushed the IBM brand. "We are IBM. It is OK to entrust it to us." "If you fail with us, there will be the excuse that 'it can't be helped because IBM couldn't do it.'" However, it became a weak point of IBM that this way of doing business over a long time has produced inattentiveness to products and inability to respond to the needs of customers. Moreover, users not familiar with the IBM brand in fields other than large, general-purpose machines and where IBM is weak have rapidly increased. With the advance of technical innovation, the performance of personal computers and workstations is not unfavorably compared to existing large, general-purpose machines.

The operating system used in such computers is an open type not under IBM leadership. An engineer at the Bell Laboratory of AT&T conceived the operating system called UNIX. AT&T did not monopolize their operating system and were not closed about information on it like IBM. For that reason, improvements were successively added to UNIX and various kinds of UNIX were born. The openness produced a superior operating system. Today, a trend of creating so-called open systems has arisen with UNIX as a common operating system where computers can be freely operated even though the manufacturers are different. However, IBM is not among them.

Users want computers that can be freely combined, like telephones and stereos, even though manufacturers or machines are different. Openness has proceeded in of income for the future. However, the two are heading in completely different directions and it is a situation that is tearing them in two. They cannot budge.

So, let's draw a conclusion about IBM business.

IBM controlled the world market as the Gulliver of the computer industry for a long time. Backed by the power of overwhelming capital, they drove rival corporations from the market one after the other with an independent rental system, the development of high-performance computers, and a mighty sales network. Prestigious corporations such as RCA and GE in the United States and Machine Blue of France and Olivetti of Italy in Europe capitulated to IBM.

As a result, IBM was able to grasp a share of the world market exceeding 70 percent. However, there was only one exception among them. It was Japan, a small island nation of the East that was defeated in the Pacific war. In nations other than Japan, corporations representing that country had challenged IBM to a fight and lost. In Japan, however, a combined force of MITI and corporate alliances confronted IBM in a united effort. With twice the danger in what was believed to be a desperate situation, on each occasion, they pulled through with a sacrificial counterattack by MITI and the industry. The subsidy of 55 billion yen which MITI gave to manufacturers so they could make a domestically manufactured computer surpassing the IBM 370 was an unprecedented huge sum in administrative history. Indeed, it can be said that the war with IBM was a holy war of the whole country which risked Japan, a nation founded on future technology.

However, the victory was not obtained just with our own strength. We often took advantage of IBM's blunders. A symbol of that was IBM letting go of the genius technical expert Amdahl, and Japan getting its hands on him. IBM is apt to be considered a technology-oriented company, but they came to grow by giving priority to business, as has come to be seen. The only technology-oriented era was about the time when the whole company united to promote development of the "System/360." Just at the moment when they had conquered the world market with the 360, they became negative in development of

other companies or the creation of new markets. That IBM arrogance has now distanced IBM from users and made it difficult for them to hear the trend of the times and the voice of society.

IBM's failure in attempting to bind up Japanese manufacturers with software chains such as the intellectual property rights issue was because they had lost sight of the times. As a result of recognizing the reality that users already were making use of computers in the compatible machine business, AAA stood on the side of the users. The voice of such users and the trend of the times was not seen by IBM.

For example, Chairman Akers, the chief executive officer at IBM, spoke thus about the direction of current restructuring:

"IBM is a mighty corporation by far in the computer industry. Our company also boasts overwhelming strength in terms of capital, and our technology is the highest in the world. Moreover, our company has tens of thousands of sales and service personnel, or in other words, an antenna, throughout the world. Various business will be generated based on the new shape of the organization due to the recent reform, and their competitive power probably will be further increased. We have great confidence in the future of IBM."

IBM still is living within geocentricism.

However, no one wants IBM to become the Gulliver of the computer industry as they had before.

Not realizing that, IBM even now is pursuing a dream of the past alone.

Article Stresses Need for Unique Technology

OW3110135592 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Oct 92 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Second in a three-part series of articles by NIHON KEIZAI SHIMBUN; by industrial department reporter Hirose: "The Changing Myth of High Technology"]

[Text] "All technologies have reached a turning point.

Why have business operations, led by technological development, reached an impasse? According to Yukio Shimura, chairman of the Industrial Survey Association, "What lies at the root of this is a saturated market in all product areas." Nearly every household has been supplied with the necessary consumer goods, and companies have excessively invested in plants and production equipment. We are still far from a situation where next-generation technology—such as high-definition televisions or micro machines—are popularized. Under such circumstances, enterprises have engaged in developing commodities that attach priority to functions before a new market can be created. For example, such items as telephones with many functions and high-grade single-lens reflex cameras with auto focus have been produced.

However, consumers soon began to turn away from products which attached importance to functions. They said that "it is not easy to use because there are too many buttons," or that "we cannot operate them without manuals." Now it has become clear that an increase in the number of functions that are thought to bring about added value will not necessarily lead to an increase in demand. What seems to be lacking is a vision of what is user-friendly. It can also be said that "what has been developed is merely self-justified high technology that pays attention to technicians' logic," (as stated by Shodai Kawabata, managing director of the Fujitsu System Research Institute).

In the past when whatever was produced was sold, manufacturers failed to realize that "technology had also produced a bubble." Once consumers become choosier in their selection of products, it will be difficult to open up new markets by developing products that are only technologically superior.

Minoru Morio, Sony's managing director, said introspectively that industry had overdeveloped functions for hardware. He added: "The key to development lies in how easily consumers can use complicated products' functions." "Kantan [simple] Cordless Phones" with but a single function put on sale by Sharp last June are enjoying good sales now. This may be cited as a representative case.

Another factor concerns the fact that due to the continuing bubble economy, industry has neglected investing in new technology. FANUC President Seiuemon Inaba called an emergency meeting of its research staff in mid-October and asked "if it would be possible to achieve commercialization of intelligent robots three years ahead of schedule." Intelligent robots are the next generation of robots and will be capable of that as a result of overindulgence during the bubble economy, required development was neglected." Even under a manpower shortage, the robotics industry is believed to be capable of maintaining its strong position. However, the industry is bound to achieve negative growth this year because it has relied too much on two major users, auto and home appliance makers, and because it has deferred its investment in developing next-generation robots. And to achieve the commercialization of intelligent robots, which may possibly lead to the opening up of new markets, industry will have to challenge and to overcome another technological barrier.

Duplication of Efforts Proves Detrimental

Enterprises share a sense of duplication in their operations, and this has affected their decisions when setting development targets. This in turn has resulted in a mismatch between technological development and the needs of the market. When a product that enjoys good sales is developed or when attention is focused on such high technology areas as superconductivity, technological staffs are sure to receive instructions from executives to follow other companies leads, asking "why it is that our company cannot produce such commodities or develop such technology?" Then, scores of companies will join in the competition, and as a result profitability will drop because of overcompetition.

"A similar case can be noted in the competition surrounding the increasing integration of semiconductors." This was the analysis made by Kazumi Yamauchi, managing director and chief of the research department of the Tokyo branch of Smith-Barney Securities. Semiconductor makers have been busily engaged in increasing the integration of semiconductors from one to four megabits (one megabit is equal to 1 million bits), and then from four to 16 megabits through the reduction in the size of the chip diagrams. Meanwhile, investment costs have increased geometrically. The industry has eventually come to realize that investment costs cannot be recovered through the efforts of one company acting alone. And while Japanese manufacturers are busily engaged in such competition, American companies have taken in high profits in their own specific fields, for example, Intel Corporation in the microprocessor field.

At a glance, the competition surrounding increasing integration might seem to be about the development of high technology for large profits. However, the industry has taken a busy road without earning any profits. Despite the decrease in profits suffered by the semiconductor industry, semiconductor users such as Cannon are now moving toward securing further high profits, just as high as previous periods. Canon has developed its own original technology in manufacturing printers and color copiers, and "it has persisted in its position as a semiconductor user and has never attempted to produce semiconductors, which can be used for various purposes, at its own plants" (as stated by Keizo Yamaji, Canon president). Canon has skillfully avoided competing against anyone and has engaged in developing unique technology which other companies are reluctant to research.

Shift in Concepts Necessary

President Yamaji predicted: "When high technology as a whole is taken into consideration, a company will never survive unless it is engaged in developing unique technology." From now until the 21st century, there is a high possibility that "high technology" which is not only profitable for a company but which also "enrichs people's lives" will be sought after, (as stated by Mr. Shimura). What is needed now is not technician-supported logic but a shift to a market-oriented concept.

Subsidiary Losses Depress Corporate Profits

922A0370A Tokyo SHUKAN TOYO KEIZAI in Japanese 8 Aug 92 pp 6-15—FOR OFFICIAL USE ONLY

[Article by special news group on consolidated settlement of accounts: "Secret Deficits of Major Firms—Ranking of the Worst Consolidated Settlements of Accounts"]

[Text] Under the bursting of the bubble and a recession, the consolidated settlements of accounts for fiscal year 1991 were more severe than settlements of accounts for the parent company alone. The bill for the large purchases of the past came due, and the European and U.S. recessions impacted directly on local subsidiaries. The bursting of the bubble in such things as real estate and stock also cast a dark shadow.

On 25 June, the price of the stock of Misawa Homes Co., Ltd., regarding which talk of management instability had circulated, fell sharply, reaching 940 yen, its lowest value since the beginning of the year. The descent of the stock price did not stop after that, either, and on the 29th it fell to 851 yen.

What became the cue for the rapid fall in the stock price was publication of the consolidated settlement of

previous period), so the bad situation of the subsidiaries came to the surface, and talk of management instability circulated.

This example shows that an atmosphere of attaching importance to consolidated settlements of accounts has gradually spread even in Japan's stock market. But the reality is that, in Japan, there are still few cases of simultaneous publication of parent-company-only and consolidated settlements of accounts; consolidated settlements of accounts are published a few weeks after publication of the parent-company-only settlement of accounts, so they are not given as much attention as the parent-company-only settlements of accounts.

However, even with companies that have profits and dividends in a parent-company-only settlement of accounts, there are many companies that are in a bad situation in a consolidated settlement of accounts because of having problem subsidiaries and so on.

When all the consolidated settlements of accounts for the March 1992 period were out, SHUKAN TOYO KEIZAI analyzed the FY91 consolidated settlements of accounts of all firms listed on the stock exchange (however, over-the-counter registered issues are omitted).

Attention Paid to Parent-Company-Only Profit and Consolidated Loss

The prime focus of attention in this analysis was cases in which there were profits in parent-company-only settlements of accounts (in most cases there were dividends), but in which consolidated final profit or loss came out to be a loss.

Table 1 [not translated] lists these parent-only-profit, consolidated-loss firms in order, beginning with the one with the greatest loss. Due to space limitations, we were able to publish only the 50 worst cases, but there were 73 firms in all that fit this case. Of these, 53 had a consolidated profit in FY90, so it is clear that there are many examples of consolidated earnings deteriorating rapidly in this space of one year.

The firm that turned out to be the worst among them is Fuji Heavy Industries Ltd. But Fuji Heavy Industries' FY90 consolidated loss was 86.9 billion yen, so, at 65.3 billion yen, it works out that its condolidated loss has grown smaller.

The main cause of its consolidated loss are its U.S.

SIA is expecting a profit in the March 1993 period because of the lowering of prices of parts exported from Japan and such improved efficiency as an increase in the speed of the production line.

But because of the state of the U.S. auto market, SOA will have no new model until the "55N" which will replace the Leone in the spring of 1993, so until then expenditure on sales is expected to increase because of incentives and the like, so improvement will be difficult.

Nippon Mining Company Ltd., which appears next, can, in a certain sense, be called a typical example of recent consolidated deterioration.

In the latter half of the 1980's one Japanese firm after the other ventured to make large purchases of U.S. and European firms (the so-called M&A [mergers and acquisitions] boom), mainly with capital obtained by equity financing.

Table 3 [not translated] shows typical examples of that; there are many examples in which paying for the firm that was purchased and the interest and the worldwide recession came together, and have become a heavy burden for consolidated settlements of accounts.

In the case of Nippon Mining, in 1988 it bought Conoco and Gould (capital $500 million, 100-percent ownership) in succession, and the stagnation of Gould in particular is having an impact.

In the December 1991 period Gould had a loss of $183 million (about 24.6 billion yen). The main cause of Gould's stagnation is that the rate of operation of its copper-foil and semiconductor departments, which account for 60 percent of Gould's sales, has fallen to close to one-third of its peak level, because of stagnation of its main users, the U.S. computer and auto industries.

Gould will enter under the umbrella of Nippon Mining Joint Petroleum [nikko kyoseki], a specialty petroleum business that will be established in December of this year. Because it would not do to entrust the rehabilitation of Gould, which is carrying an accumulated loss of $360 million, to Nippon Mining Metals, a specialty metals business (wholly owned subsidiary of Nippon Mining Joint Petroleum).

The basic strategy for the rehabilitation of Gould is to keep the copper foil department, which Nippon Mining wanted so much it could taste it, and to liquidate or integrate everything else. For example, Nippon Mining will sell off the re-insuring business that a Gould subsidiary is conducting, and with the stagnating semiconductor department, too, it will probably be a matter of making it a subsidiary under Nippon Mining's direct control, receiving the technical assistance of a Japanese manufacturer of semiconductors, and searching for a buyer when it becomes independent.

According to the plan for rehabilitating Gould, which started this year, the targets are a $40-50 million ordinary loss for the December 1992 period, a balance in income and expenditure for the next period, and a change to a profit in the period after that, but it depends on recovery of world business conditions, and on demand for copper foil.

European and U.S. Subsidiaries Are Deteriorating

In the case of the third-worst company and below as well, there are many examples in which, like Nippon Mining, deterioration of performance of overseas subsidiaries has become a heavy burden for the consolidated settlement of accounts.

For example, the main cause of Daishowa Paper Manufacturing Co., Ltd.'s consolidated loss is two Canadian companies. Daishowa Canada (Peace River plant; produces pulp) had a loss of 4.3 billion yen, and Daishowa Canada Holdings (Quebec plant; produces newsprint) had a loss of 7.5 billion yen. With the former, the pulp market deteriorated just when the plant began full-scale operation, and the latter was impacted by a drop in the selling price.

The consolidated loss for the March 1993 period is expected to be 4.5 billion yen, reduced by one-half. Because it is assumed that in the case of the former the pulp market will turn upward, and that for the latter, too, there will be a rise in the price of newsprint.

And for Terumo Corporation, the main cause is stagnation of European and U.S. local corporations. The loss for Terumo Europe was 6.0 billion yen; for Terumo Medical (America), it was 2.6 billion yen; for Laboratoire Terumo France, it was 400 million yen; and for Terumo Australia, it was 1.3 billion yen.

Losses in Europe ballooned because sales of locally produced needles, syringes, and blood bags collapsed; it appears to have become a decline in earnings on the order of 2.0 billion yen. On the other hand, Terumo pushed ahead with a review of its local production setup, and eliminated about 1.0 billion yen of plant and equipment.

Terumo has had consolidated losses for three successive periods since the March 1990 period (half-year), and it will not be possible to change to a profit in the current period, either, so it is aiming at having income and expenditure break even in the next period, but it cannot be optimistic. Furthermore, in the current period it liquidated Terumo Japan, a domestic sales company.

The main cause of the change to a consolidated loss for the Toyoda Machine Works Ltd. of the Toyota Group is also stagnation of U.S. and French subsidiaries.

The U.S. subsidiary, Toyoda Machinery USA, fell into a loss because of a decrease in orders due to the recession in the United States, and high costs because of a scarcity of skilled workers and appropriate local parts companies. In the autumn of 1991 Toyoda Machinery USA closed its Michigan plant and concentrated at the headquarters plant in Illinois.

For Asahi Optical Co., Ltd., too, the cause of the change to a consolidated loss after an interval of three periods is an increase in inventory of its leading product, cameras, centered on Europe and the United States.

Its two sales subsidiaries, the U.S. Pentax Corporation (capital $20 million) and Belgium's Pentax Europe (capital 360 million Belgian francs), both posted losses. Its domestic sales firm, Asahi Optical Trading Company, also had a loss. Its consolidated inventory, centered on cameras, swelled to 54.3 billion yen, an increase of 13.0 billion yen over FY90 (for the parent company only, it is 29.4 billion yen, an increase of 7.8 billion yen).

As to the March 1993 period, the company expects that inventory adjustment will be completed in 1992, and that net profit and loss will become a profit of 150 million yen. However, demand in the camera market centered on single-lens reflexes is still sluggish, so the probability of a consolidated loss also remains, depending on adjustment of inventory.

Consecutive Consolidated Losses Require Attention

On the other hand, the firms on which stagnation of domestic subsidiaries had an impact are Kanebo, Ltd., Omikenshi Co., Ltd., Denki Kagaku Kogyo K.K., Nikkatsu Corporation, and so on.

For Kanebo, Kanebo Cotton Thread (capital: 8.0 billion yen), Kanebo Silk Thread Kyo Bijin (capital: 700 million yen), and Bell Foods, a manufacturer of foodstuffs (capital: 80 million yen), are three evils; it had a consolidated loss after an interval of four periods.

Kanebo Cotton Thread's revenue declined by 20 percent, and although it showed a profit because of a 4.2 billion yen profit from the sale of the Takaoka plant to the parent company, Kanebo (it was offset in the consolidated settlement of accounts) in real terms, along with the Kanebo Silk Thread Kyo Bijin (25-percent decline in revenue) it "was a loss of billions of yen," (previous senior executive managing director, Shozo Imai). Bell Foods, too, has no popular products, powdered juice is in a slump, and the burden of future investment such as new establishment of branches piled up, so its loss was in the billions.

In the future, Kanebo Cotton Thread will aim at stabilization of revenue by reducing the ratio of thread sales, becoming more consistent in spinning and weaving and by direct connection with the parent company's apparel women's apparel (capital: 100 million yen; 100-percent owned). In FY89 final income and expenditure broke even, but in FY90 there was a loss of exceeding 1.0 billion yen, and in FY91 the loss was more than 2.5 billion yen.

Because, along with the bursting of the bubble, inventory became excessive, so, in order to compress inventory, the company was compelled to sell goods at low prices which disregard making a profit.

After this, Omikenshi aims at income and expenditure which break even in FY92 by such things as reduction of unprofitable departments and abandonment of shops with inefficient sales, but conditions are severe.

In the case of Denki Kagaku, the sluggishness in real estate and stock had an impact. The main cause of the change to a consolidated loss (3.26 billion yen) is two companies: a real estate company, Denka Create (capital 480 million yen; 100-percent owned), and Narise Securities (capital: 720 million yen; 73.9-percent owned; loss of less than 300 million yen in that period). In the future Denki Kagaku plans to attempt to compress the loss by promoting the selling off of real estate held by Denka Create.

The one in serious condition is Nikkatsu. Actually, until the January 1992 period it had four successive periods of consolidated losses. Nikkatsu Motion Picture Distribution and Nikkatsu Productions, which distribute and produce motion pictures, are in a situation of structural deficit, so it will be difficult to escape a loss in the current period, too.

In addition, the main cause of JUKI's consolidated loss is an American manufacturer of industrial machines, Union Special Inc. (purchased in 1988 for 12.1 billion yen), and that of Toyo Soda Manufacturing Co., Ltd., is Toyo Soda Netherland, so their recovery is the key.

Moreover, Hattori Seiko Co., Ltd. has been hindered by five sales companies for watches and two sales companies for computer-related devices, and Mitsukoshi Ltd. has been hindered by Germany Mitsukoshi and Spain Mitsukoshi, all of which were newly made the object of consolidated accounting.

Hattori Seiko's policy is "in due course to make all related firms the object of consolidated accounting," (Hiroshi Miyata, chief of the Accounting Department). Mitsukoshi, too, is on course to bring French and Italian for FY92, so a consolidated loss of ¥1.8 billion is expected.

The Bill for Mergers and Acquisitions Comes Due

Next, cases have also increased in which, though it did not become a loss on a consolidated base, it became a big decline in profit, and in which the consolidated-parent-only multiplier deteriorated sharply. Table 2 shows the worst 50, and and the consolidated-parent-only multiplier of Misawa Home, which we mentioned at the beginning, fell sharply from 0.43 to 0.03.

The causes of this are such things as 1) that there are many companies among dealers in ceramic-materials houses and among dealers in wooden houses in western Japan who had losses, 2) that companies which develop such resorts as golf courses had losses because of delays in licensing, and 3) that the margin of profit also declined for such finance firms as MRD, which loan money on real-estate collateral, because of an increase in the interest burden.

Moreover, according to the rules of consolidated statements of account, the difference between the acquisition cost of stock in such companies as Misawa Resort, Misawa Van, and Misawa Ceramic Chemical, to which the equity method applies, and the net assets of each company must be depreciated in five years; therefore, the fact that it posted an equity-method investment loss of 3.36 billion yen for FY91 (2.7 billion yen for FY90) also had an impact.

A consolidated net profit of 2.0 billion yen is expected for FY92 (8.4 times that of the previous year; 0.23 times for the parent company only).

Because, 1) resort-related subsidiaries and so on are still a heavy burden, but 2) the margin of dealer-related loss is expected to shrink, and the equity-method investment loss is expected to decline by half. But the level itself will be low, so it leaves problems.

In the case of Misawa Homes, it is a case in which domestic-related companies that it has recently brought under its umbrella have become a burden, but there are also many cases in which, in the same way as Nippon Mining, which was mentioned earlier, large purchases overseas have become the cause of present deterioration of consolidated settlements of accounts.

A typical example of that is Fujisawa Pharmaceutical Co., Ltd. Fujisawa bought U.S. LyphoMed Inc. in April 1990 (total purchase price 105.0 billion yen—Table 3). Subsequently, competition with its leading antibiotic intensified, the price ratio rose, research and development expenditures increased, and the strong yen also

percent ownership), too, sales of "Omepral," proton-pump inhibitor-type anti-ulcer medicine, which it put on the market in Japan for the first time in April 1991 were only 5.2 billion yen of the annual sales target of 10.0 billion yen. Therefore, the vendor, Fujisawa Astra, posted a net loss of 3.141 billion yen.

And for Bridgestone Corporation, too, which in 1988 purchased America's Firestone Tire for $2.6 billion, the resulting Bridgestone Firestone posted a real loss of $500 million in 1991, so it has become a heavy burden in the consolidated settlement of accounts. Bridgestone aims at having the loss shrink to $300 million in FY92, and at having it change to a profit in 1993, but one cannot be optimistic.

For Dainippon Ink and Chemicals, Inc., too, which has continued large purchases in the United States in the same way, with Sun Chemical (1986) and Reichhold Chemicals (1987), such things as Reichhold Inc having a loss of 4.0 billion yen have become the main cause of deterioration of the consolidated-parent-only multiplier (0.62 to 0.29).

Influence of the U.S. Iron and Steel Recession, Too

For NKK, too, the main cause of deterioration of its consolidated-parent-only multiplier (1.27 to 0.22) was stagnation of the U.S. National Steel, which it purchased in 1984 for $440 million (70-percent ownership).

National Steel sales for 1991 were $2.33 billion, and net profit and loss was a loss of $189 million. Of this loss, $111 million was a special restructuring loss (transfer of headquarters, reorganization of subsidiaries, and so on).

There was no demand in the period January through March 1992, so there was a loss of $19 million, but the effect of the restructuring began in earnest in the April through June period, and it changed to a profit, so a profit is expected for 1992 as a whole.

It does not appear in the table, but but the deterioration of Kawasaki Steel Corporation's consolidated-parent-only multiplier (1.14 to 0.52) was also caused mainly by the U.S. Amco Steel Company (ASC), of which Kawasaki owns 50 percent. ASC had a loss of over $200 million in 1991 because of a decline in U.S. demand for iron and steel and the burden of the cost of improvement of superannuated plant and equipment. Therefore, Kawasaki's equity-method investment profit or loss also came out to be a loss of 14.3 billion yen.

ASC grappled with such things as layoffs and idling and rennovating plants and equipment, and there was also a slight recovery in U.S. demand for iron and steel; in the first half of 1992 there was a loss of about $40 million, but profit and loss are expected to break even in the latter half of the year.

as that at England's Durham.

The consolidated-parent-only multiplier of its rival, NEC Corporation, also deteriorated, from 0.94 to 0.39. The chief culprit was NEC Home Electronics (NEC HE); its loss in the March 992 period was 33.3 billion yen, and its accumulated loss grew to 67.2 billion yen. Because of this, NEC Corporation, itself, had to post a subsdidiary stock-assessment loss of over 30.0 billion yen.

By such restructuring of its business as withdrawal from audiovisual business in North America, and reduction of its VCR business, and joint capitalization of sales and production with NEC Corporation, NEC Home Electronics is aiming at compressing its loss in the March 1993 period to 15.0 billion yen, but it will be hard to achieve in a recession of home electrical appliances.

The Direct Impact of the Real Estate Recession

Another thing which can be cited as an important cause of the deterioration of consolidated settlements of accounts this time is the deterioration of domestic and overseas real estate business.

For example, the consolidated-parent-only multiplier of Daia Construction deteriorated from 1.07 to 0.05, and the main cause was Daia Pacific Corporation. In addition to there being low operation of Hawaiian rental apartments and San Francisco offices, a depreciation burden of 640 million yen and an accounts receivable burden joined to become a loss of almost 2.0 billion yen. Because of this, "we are currently studying supporting it" (Akira Mikami, general head of the accounting department), but for the present it is linking its hopes to sales of ready-built apartments in Paris.

For Okura & Co., Ltd. the hard battle concerning its domestic subsidiaries continues, but with Okura Estate in particular (capital: 200 million yen, 100-percent owned) interest grew because of the increase in the

80 billion yen. In the United States, although three years have passed since completion of the ultra-high-rise office building "Pacific Center Building" in Seattle on the West Coast, "the building is 80 percent occupied, but we are giving discounts," so it is still operating at a loss.

Offices in Adelaide, Australia, also have an occupancy rate of 10 percent, and as to its condominiums, in Sydney Hazama is being forced "to sell them to cut losses," so it is a really extreme situation.

Hazama Corp. appears to have given up in despair, saying that in the final analysis "there is little hope until about 1995" for real estate development in the United States and Australia (International Business Headquarters), so its posture is to put effort into construction contracting in Southeast Asia.

In addition, Taisei Corp. had a loss of over 7.1 billion yen in investment profit and loss by the equity method, and it says that one half of that was the portion for Taisei America, whose main business is real estate development.

To mention the main causes for other important companies with deterioration of consolidated-parent-only multipliers, for Ishihara Sangyo Kaisha Ltd., it was a Singapore subsidiary (titanic oxide; pretax loss of 1.3 billion yen); for Hitachi Construction Machinery Co., Ltd. it was Toyosha (purchased in 1990) and Fiat Hitachi Excavator (joint venture with Italy's Fiat; equity method); for Aiwa Co., Ltd. it was a U.S. sales subsidiary (increased capital by about 2.4 billion yen at end of March); for Hitachi Sales Corp. it is four European sales companes and U.S. manufacturing and sales companies; and for Seibu Railway Co., Ltd., it is deterioration of three Hawaiian hotels, the Waikiki Prince, Maui Prince, and Maunakeapiti Hotel, which is having an impact.

Dealer Losses Are Heavy for Isuzu

IMAGE EVALUATION
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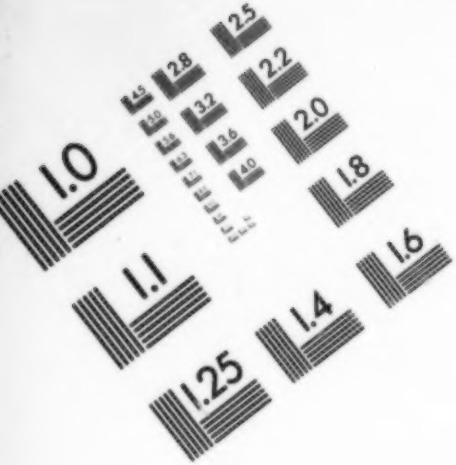
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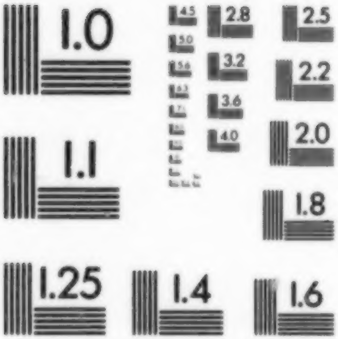
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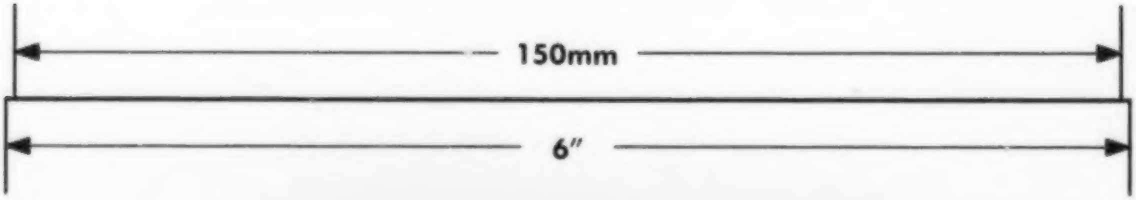

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